

## Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	Bay County	County	BAY	Type	COUNTY	MuniCode	09-0-000
Opinion Date	June 25, 2008	Audit Submitted		Fiscal Year	12/31/2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue: 28660603

General Fund Expenditure: 27373648

Major Fund Deficit Amount: N/A

General Fund Balance: 6370226

Governmental Activities  
Long-Term Debt (see  
instructions): 26646335

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Gerald	Last Name	Desloover	Ten Digit License Number	1101007126
CPA Street Address	5800 Gratiot, PO Box 2025	City	Saginaw	State	MI
				Zip Code	48605
				Telephone	(989) 799-9580
CPA Firm Name	Rehmann Robson	Unit's Street Address	515 Center Ave	City	Bay City
				Zip Code	48706

# **Bay County, Michigan**



## **Comprehensive Annual Financial Report**

**Year Ended December 31, 2007**

**BAY COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2007  
Prepared by Bay County Finance Department  
(With Independent Auditors' Report Thereon)**

**BAY COUNTY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## **I. INTRODUCTORY SECTION**

**The Introductory Section contains:**

- **Letter of Transmittal**
- **List of Principal Officers**
- **Organizational Chart**
- **Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting**



THOMAS L. HICKNER  
Bay County Executive

Michael J. Regulski CGFM  
Finance Officer

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June 25, 2008

Bay County Board of Commissioners and  
Citizens of Bay County, Michigan:

The Comprehensive Annual Financial Report (CAFR) of Bay County, Michigan, for the calendar year ended December 31, 2007, is hereby submitted. In accordance with State Law, re: Public Act 34 of 2001, the revised Municipal Finance Act, Section 141.2303 (1) requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within 6 months from the end of its fiscal year or as otherwise provided in the Uniform Budgeting and Accounting Act, 1968 PA 2, MCL 141.421 to 141.440a. This report was prepared by the Bay County Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the county. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government based upon a comprehensive framework of internal control that has been established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Michigan law requires an annual audit of the county's financial statements. The Bay County Board of Commissioners had engaged Rehman Robson CPAs & Consultants, Independent Auditors, for this purpose. The independent auditors' unqualified ("clean") opinion has been included at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## ORGANIZATIONAL STRUCTURE

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence. Also, it is the only form of government in the United States which is directly answerable to the people it governs. Unlike other forms of government in the cities and states, all major departments and offices are administered by men and women elected by and responsible to the people for their every action.

Bay County, Michigan, incorporated in 1857, is located approximately 100 miles north of Detroit in the mid-eastern part of the state on the shores of the Saginaw Bay. It occupies 444 square miles and currently serves a population of 107,517. In terms of population, this ranks Bay County as the 19<sup>th</sup> largest of 83 counties in the state of Michigan. Bay County is empowered to levy a property tax on real, personal and industrial property located within its boundaries.

Pursuant to Act 139 of Public Acts of 1973 (as amended by PA 100 of 1980), the voters of Bay County elected the optional Unified Form of County Government in November of 1978. The form of government established in 1978 is also known as the "county executive" form of government. The Board of Commissioners exercises the legislative power of the county and determines all matters of policy. The Board of Commissioners is composed of nine commissioners who are elected from their respective districts. Each commissioner serves a term of two years. The county executive is the head of the administrative branch of the county government and is elected at large for a four-year term. The judicial branch of government consists of three Circuit Court judges, three District Court judges, and one Probate Court judge. All judges are elected at large for a six-year term. The Circuit and District Court judges are elected on two-year, staggered terms. The offices of prosecuting attorney, sheriff, county clerk, treasurer, register of deeds, and drain commissioner are elected at large and serve for a four-year term.

Bay County provides a wide range of services, including public safety, health and welfare services, community and economic development, and recreational and cultural activities. Certain financing and oversight services on the construction of Bay County public buildings are provided through a component unit, a legally separate building authority, which functions, in essence, as a department of Bay County, and therefore has been included as an integral part of Bay County's financial statements. Bay County is also financially accountable for services provided by other legally separate component units of Bay County. These services include the construction and maintenance of the county's system of roads and bridges by the Bay County Road Commission; the providing of services and materials to satisfy the educational, personal, and professional interest of the community by the Bay County Library System, and water supply and wastewater disposal services are provided by the Bay County Department of Water and Sewer. In addition, the Bay County Drain Commission provides for the construction and maintenance of drainage districts throughout Bay County; the Bay Area Narcotics Enforcement Team combats the proliferation of narcotic trafficking in the eastern mid-Michigan area; and the Bay County Economic Development Corporation provides the means and methods to strengthen and revitalize the economy of Bay County all of which are reported separately within Bay County's financial statements. Additional information on all seven of these legally separate entities can be found in the notes to the financial statements (see note I.A.) The Bay-Arenac Intermediate School District, Bay County Historical Society and Bay County Fair and Youth Exhibition did not meet the basic established criteria for inclusion and are not included in the report.

Bay County prepares, adopts and maintains budgetary controls on an annual basis. Governmental fund types of Bay County are under formal budgetary control. Activities of the General Fund, Special Revenue Funds and Debt Service funds are included in the annual appropriated budget. The level of budgetary control; that is, the level at which expenditures cannot legally exceed the appropriated amount, is established on a categorical basis by function and activity within an individual fund. Capital Project funds are budgeted by project. Enterprise funds and Internal Service funds, which are Proprietary funds, and the Pension Trust Fund, Health Care Trust fund and Private Purpose Trust funds, which are Fiduciary funds, are also subject to budgetary controls and are budgeted on a categorical basis. The County's procedures in establishing its annual budget are as follows:

- In June of each year, budget packages are mailed to all County elected officials and department/division heads, outlining the procedures for requesting appropriations for the subsequent budget year.
- In August of each year, the County Executive and Finance Officer hold budget hearings with all elected officials and department/division heads, to obtain additional information regarding their budget requests.
- On October 1 preceding the beginning of the next fiscal year, in accordance with the provisions of the state of Michigan PA 139 of 1963, as amended by PA 100 of 1980 (the Unified Form of County Government Act), and in conformance with Act 2, PA 1968, as amended by Public Act 621 of 1978, (the Uniform Budgeting and Accounting Act), the Finance Department prepares and the County Executive submits a proposed operating budget to the Board of Commissioners Ways and Means Committee for review and subsequent adoption by the County Board of Commissioners.
- Subsequent to the County Executive submitting the proposed budget to the Board of Commissioners, a public hearing is conducted to obtain taxpayer comments. The Board of Commissioners then makes any amendments to the budget it deems necessary and adopts the same by formal resolution prior to December 31.

The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department/division heads are authorized to amend budgets under their control subject to the provisions of Paragraph 10 of the County's General Appropriation Budget Act Resolution. Bay County prepares and issues separate from the CAFR a report on budget amounts compared to actual at the legal level of budgetary control.

## **ECONOMIC CONDITION AND OUTLOOK**

The 2000 population census identified the population of Bay County to be 110,157. The decrease in the population during the 1990s has slowed to 19 percent of the decrease during the 1980s. As of July 1, 2007 the population of Bay County has declined to an estimated 107,517 or a 2.4 percent reduction from the 2000 census. It is hopeful this declining trend will reverse itself through the latter part of the current decade based upon the level and diversity of business developments.

As the result of the trade, service, finance, and agricultural industries, the economic condition and outlook of the county is stable, as it has been for the past several years. Most recently, the county's state equalized values (SEV) of real property have increased 4.16%, 3.91% and 2.83% for 2005, 2006 and 2007 respectively. For 2008 Bay County is projecting an increase of \$17,490,373 or 0.54% in state equalized values of real property which total \$3,229,798,886. The state equalized value of personal property increased by 3.41% in 2007 after a slight decrease of 0.48% in 2006 and an increase of 2.64% in 2005. Bay County, for 2008, is projecting a minor decrease of 0.02% or \$51,450 reduction in the SEV of personal property which totals \$263,457,400. In total, the County's SEV for both real and personal property is projected to increase 0.49% or \$17,056,723 to \$3,493,256,286. In addition, for 2008, Bay County is projecting \$44,479,957 in equivalent SEV on the full and one-half (½) rate industrial tax rolls.

The average unemployment rate for Bay County for the year ended December 31, 2007, was 6.7%. This compares favorably with Bay County's rate as of December 31, 2006, of 6.9% and unfavorably with the December 31, 2007, average nationwide rate of 4.6%, and favorably with the 2007 statewide rate of 7.2%.

Total listings of commercial and residential property sold in 2007 by Bay County real estate agents was 1,517 with a total sales value of \$137,465,843, with the average price of these transactions being \$90,796. These figures represent an increase of 2.03% and a decrease of 7.13%, respectively, compared to 2006 sales valued at \$134,724,762, with an average price of transactions of \$97,768. Bay County's average residential sales price in 2007 decreased 9.8% to \$92,756 from the 2006 average residential sales price of \$102,789.

Since the manufacturing and farming sectors of Bay County's economy face increased competition, the county must look to its natural resources to maintain a strong and vigorous economy. The Saginaw River, which flows the entire length of Bay County, is one of Michigan's most important commercial ports. There are 28 commercial ports located along the river between the city of Saginaw and Saginaw Bay. The state's only direct export grain terminals are also located on the river. The hinterland served by the Saginaw River port is the largest of Michigan's 38 cargo ports. While most waterborne commerce on the river consists of United States domestic and Canadian trades, direct overseas shipments also occur each year.

Boating is also big business on the Saginaw Bay and Saginaw River. In 2007 there were 827,869 boats registered in Michigan, with more than 50 percent of them being within 100 miles of the Saginaw Bay. Bay County has 9,653 registered boats, which equates to 1.17% of all registered boats in the state. The Saginaw River was the host for a very large national boat race in 2007, namely the Dobson Bay City River Roar, an outboard grand prix. This race, which attracts between 25,000 and 40,000 people annually, has been held for the past 20 years and all signs point to a continuation of this race in future years. Over the years, to accommodate the large number of fishermen and pleasure boaters, Bay County constructed and operates a 56-campsite campground inclusive of six camping cabins and a boat launch. In addition, a 98 slip marina was developed cooperatively by Bay County and Bay City and the county developed 3 additional boat launches with a total of 15 ramps.

## **MAJOR INITIATIVES**

Over the past 30 years Bay County has been a leader in developing a productive fishery in the Saginaw Bay area. It is through a cooperative effort with the Michigan Department of Natural Resources, that over 20 million walleye fingerlings have been planted. In 2007, no fingerlings were planted in the Saginaw Bay due to the wild class levels being reached.

This effort has produced a nationally recognized trophy walleye population and has attracted the following major fishing tournaments which generated great media exposure:

- Infisherman Professional Walleye Trail Mercury Championship
- RCL Operation National Walleye Tournament
- Michigan Walleye Tour championship

Another fishery which is being recognized is the Saginaw Bay bass population. This fish is also a tournament draw, specifically the Michigan Bass Federation State Tournament held in 2006, in addition to several regional events held in Bay County annually. The Saginaw Bay is a very fertile body of water. The fishery for bass and walleye will continue to expand, along with the

perch, catfish, white bass, northern pike, carp, suckers, etc. Sport fishing has a seemingly unlimited future.

Consumers Energy plans on constructing a new \$2 billion, 800-megawatt, coal fired power plant at its Karn-Weadock facility in Bay County's Hampton Township. Hampton Township is prepared to offer the maximum 50% tax abatement on Consumers Energy's investment for twelve years. The estimated completion date is 2015. It is anticipated to create 1,800 construction jobs and 80 permanent new jobs. The construction is expected to have a direct economic impact of \$549 million in Michigan, including \$298 million in Bay, Midland and Saginaw counties. The direct and indirect economic impact of the construction is estimated to be \$1.2 billion in Michigan, including \$500 million for the tri county area. The plants ongoing operations economic impact is estimated to be \$51 million annually for the state and \$39 million for the three county area.

MBS International Airport, which is owned by Bay County and the cities of Saginaw and Midland, plans on making nearly \$50 million in capital improvements between 2008 and 2012, in order to keep pace with its competitors. The projects in the plan include construction of a new terminal, taxiway, apron and access road, land acquisition, wetlands mitigation, security equipment, fencing and an extension and improvement to the airfield perimeter service road. Funding for the plan is anticipated to be \$34.3 million from the federal government, \$976,350 from the state, more than \$10 million locally and \$4.1 million from passenger facility charges.

Fabiano Brothers Inc., a beverage distributor, plans on investing \$16 million on the construction of a 200,000 square foot distribution center complete with new corporate offices in the Market Place Corporate Center located in Bay County's Monitor Township. The building plans call for indoor parking for executives, an electric security gate, a built in truck wash, a recycling center, a large indoor cooler and a drive through loading bay. Public commitment to pave the way for the construction will come from Monitor Township Downtown Development Authority capturing \$2 million in taxes to help pay for the infrastructure costs. This investment could bring as many as 300 jobs to Bay County and act as a catalyst for attracting other businesses.

## **FINANCIAL INFORMATION**

### ***General Fund Fund Balance***

The unreserved, undesignated fund balance of the General Fund represents the excess of assets over liabilities, less reserves and designations. The 2006 unreserved, undesignated General Fund fund balance of \$2,296,325 increased by \$380,408 to \$2,676,734 in 2007, which represents 7.97 percent of the adopted 2008 general fund operating budget.

### ***Relevant Financial Policies***

In accordance with the county's General Financial Policy which mandates the General Fund to establish and maintain a reserve for a long-term advance to the Budget Stabilization Fund at a minimum of 5 percent to a maximum of 10 percent of the General Fund's current year adopted operating budget, the Board of Commissioners have funded the Budget Stabilization Fund by authorizing advances of \$600,000 in 1993; \$482,581 in 1995; \$176,624 in 1997; \$71,562 in 1999; \$75,829 in 2000; \$374,175 in 2001; and \$18,819 in 2002 bringing the total General Fund advance to the Budget Stabilization Fund to \$1,799,590, which is equal to 5.40 percent of the adopted 2007 *General Fund Operating Budget*. If funds are available, additional advances will be provided in the future. The Budget Stabilization Fund can be used to cover a General Fund

fund deficit, to prevent a reduction in the level of public services or in the number of employees where revenues are not sufficient to cover expenditures, or to cover expenditures arising because of a natural disaster to the extent that such expenditures are not covered by federal or state funds.

The 100% Tax Payment Fund Policy, which governs transfers from the 100% Tax Payment Fund to the General Fund, mandates that a reserve in an amount equal to 10% of the total amount of the most recent delinquent tax settlement with the local taxing units be established within the 100% Tax Payment Fund and that the funds in the reserve shall only be used if necessary to meet the last annual delinquent tax settlement obligations to the local taxing units.

Cash balances are invested according to the Statement of Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Bay County Treasurer to invest surplus funds of the county in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. The Act generally allows the county to deposit funds in banks, savings and loan associations, and credit unions in the state of Michigan. The act also provides for investments in U.S. government obligations; certificates of deposit, savings accounts and deposit accounts of banks, savings and loans, and credit unions who are members of the FDIC, FSLIC, and NACU, respectively; commercial paper; U. S. government or federal agency obligation repurchase agreements; bankers' acceptances of United States banks; and, with some restrictions, mutual funds.

#### ***Employees' Retirement System Fund***

In 2007 the Bay County Employees' Retirement System experienced a 4.37% increase in its net assets held in trust for pension benefits. The net assets increased from \$243,583,712 as of December 31, 2006 to \$254,228,599, or a \$10,644,887 increase. The system's funded ratio is 125.2% as of December 31, 2006.

#### ***Public Employees' Health Care Fund***

In 2001, Bay County established and initiated funding the Bay County Voluntary Employees' Beneficiary Association (VEBA), a tax-exempt trust under section 501(c)(9) of the Internal Revenue Code of 1986, as amended and pursuant to the state of Michigan, Public Employee Healthcare Fund Investment Act, Public Act 149 of 1999. The purpose of the VEBA is to provide for medical or other benefits for retired employees of the employer, their spouses and dependents. In 2007 the Public Employees' Health Care Fund experienced a 11.85% increase in its net assets held in trust for medical or other benefits for retired employees. The net assets increased from \$19,939,626 as of December 31, 2006 to \$22,301,785 or a \$2,362,159 increase. As of December 31, 2007 the Public Employees Health Care Fund has not begun paying benefits because its funding status is below the minimum required to enable the fund to begin paying benefits. The funds funded ratio is 32.25% as of December 31, 2006.

### **OTHER INFORMATION**

#### ***Risk Management***

Bay County, through the Michigan Municipal Risk Management Authority (MMRMA) is self-insured for property, general, inland marine, crime, auto liability, and bonds. In addition, the county is self-insured in the areas of workers' compensation, sickness and accident, unemployment compensation and employee/retiree health care.

### ***Awards and Acknowledgments***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bay County, Michigan, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2006. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. Bay County, Michigan, has received a Certificate of Achievement for the last eighteen consecutive years ended 1989 through 2006. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are again submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and other county departments, and the various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

Sincerely,



Bay County Executive Office  
Thomas L. Hickner  
County Executive



Bay County Finance Department  
Michael J. Regulski CGFM  
Finance Officer

## **THE BOARD OF COMMISSIONERS**

KIM COONAN  
*CHAIRMAN*

EUGENE F. GWIZDALA  
*VICE CHAIRMAN*

PATRICK H. BESON  
*SERGEANT AT ARMS*

VAUGHN J. BEGICK  
ERNIE KRYGIER  
DAWN A. KLIDA

DONALD J. TILLEY  
BRIAN K. ELDER  
RICHARD L. BYRNE

## **ADMINISTRATION**

THOMAS L. HICKNER  
*COUNTY EXECUTIVE*

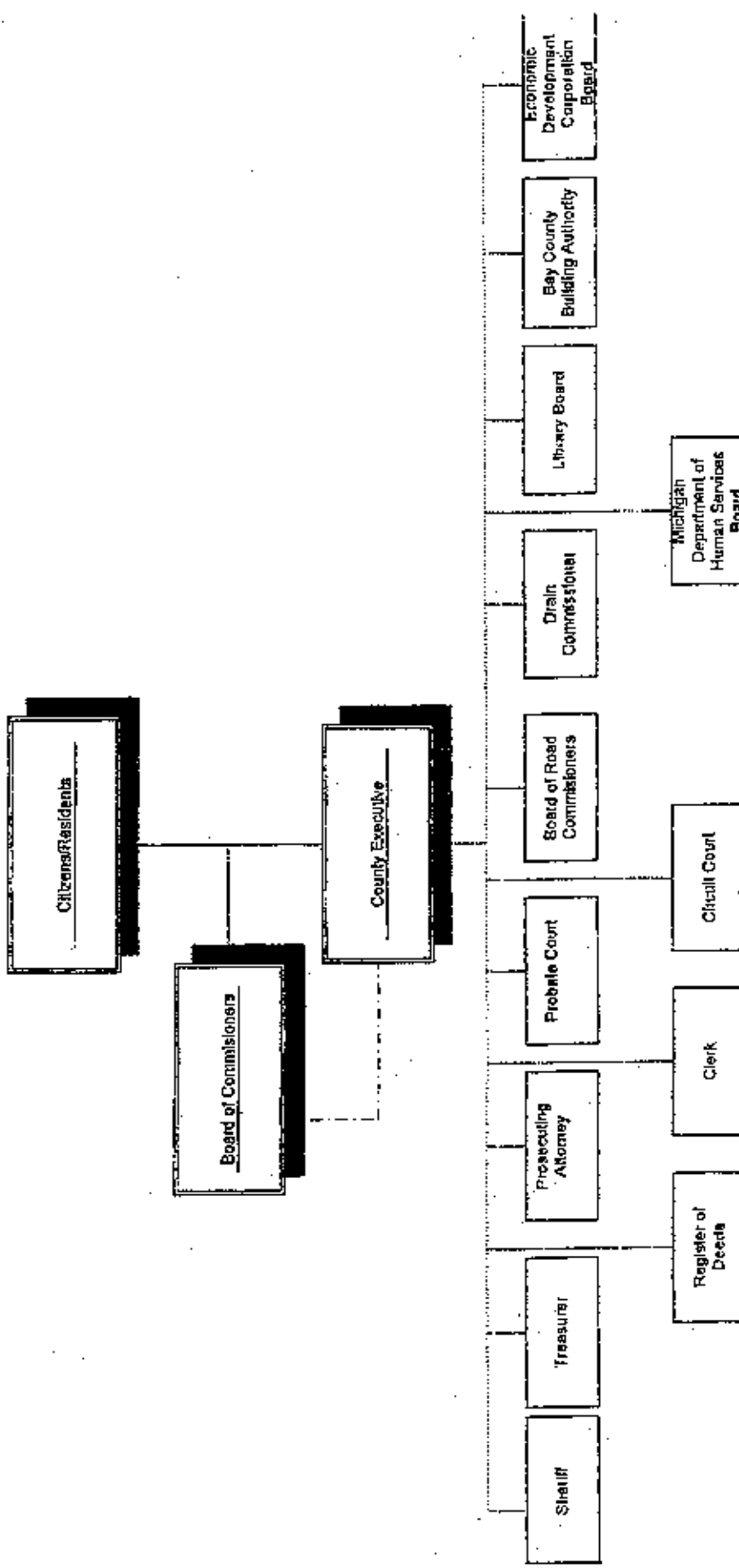
MICHAEL J. REGULSKI CGFM  
*FINANCE OFFICER*

## **INDEPENDENT AUDITORS**

REHMANN ROBSON



# Bay County Organizational Chart



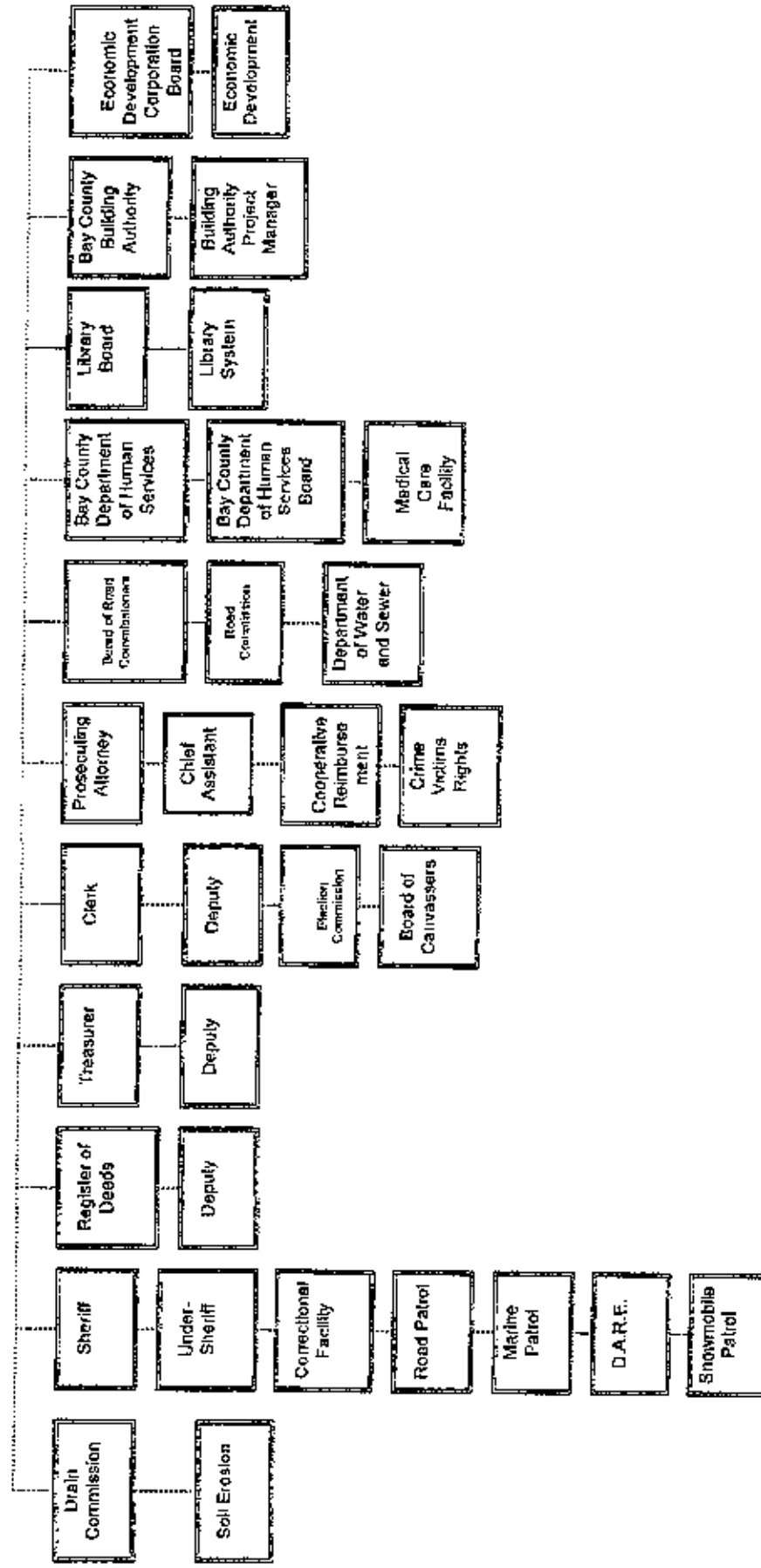
Legend:

Direct Control of County Executive —————

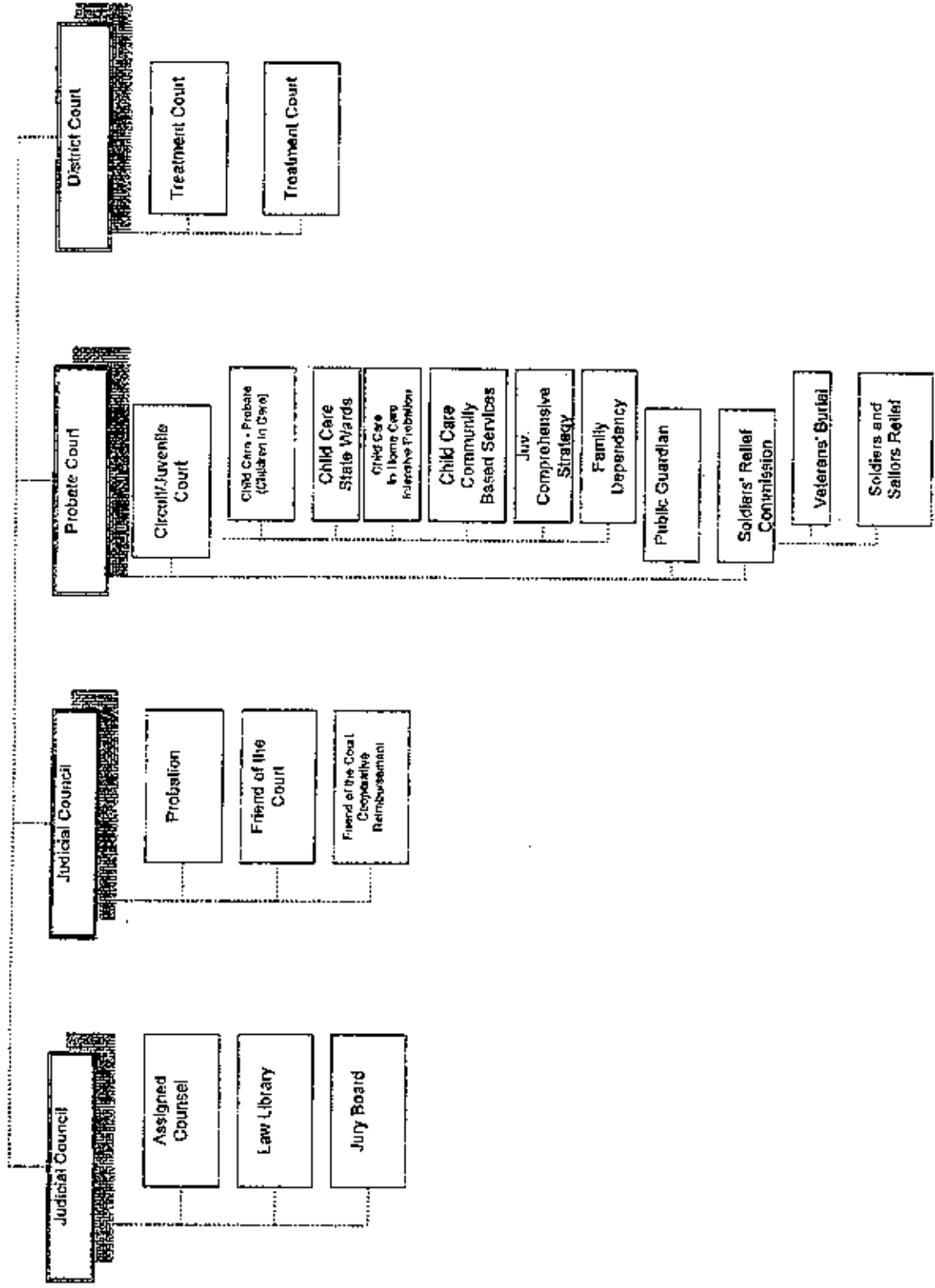
Coordinate Budget/Personnel, etc. ....

Legislative Coordination - - - - -

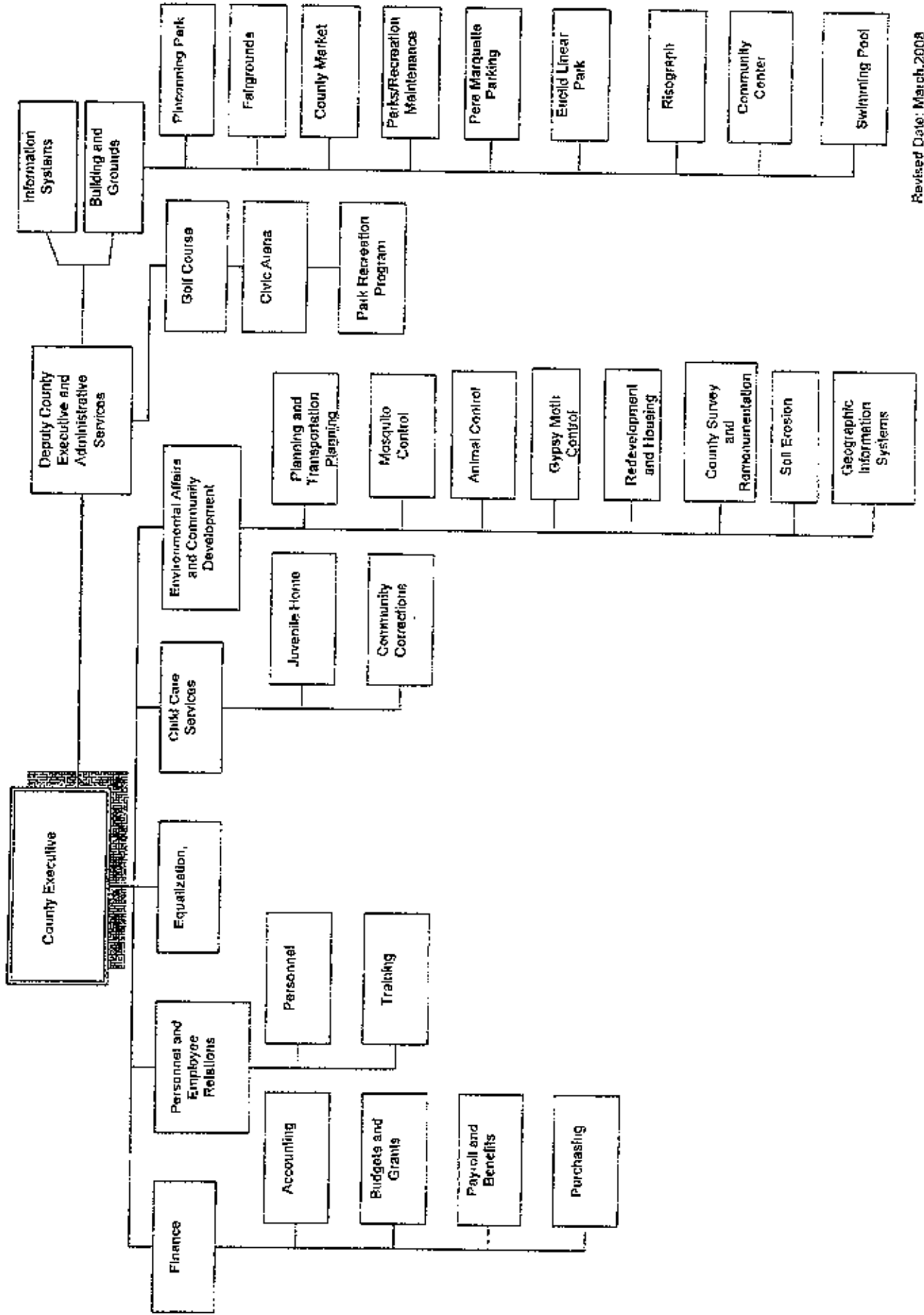
# Bay County Organizational Chart Elected/Appointed Officials



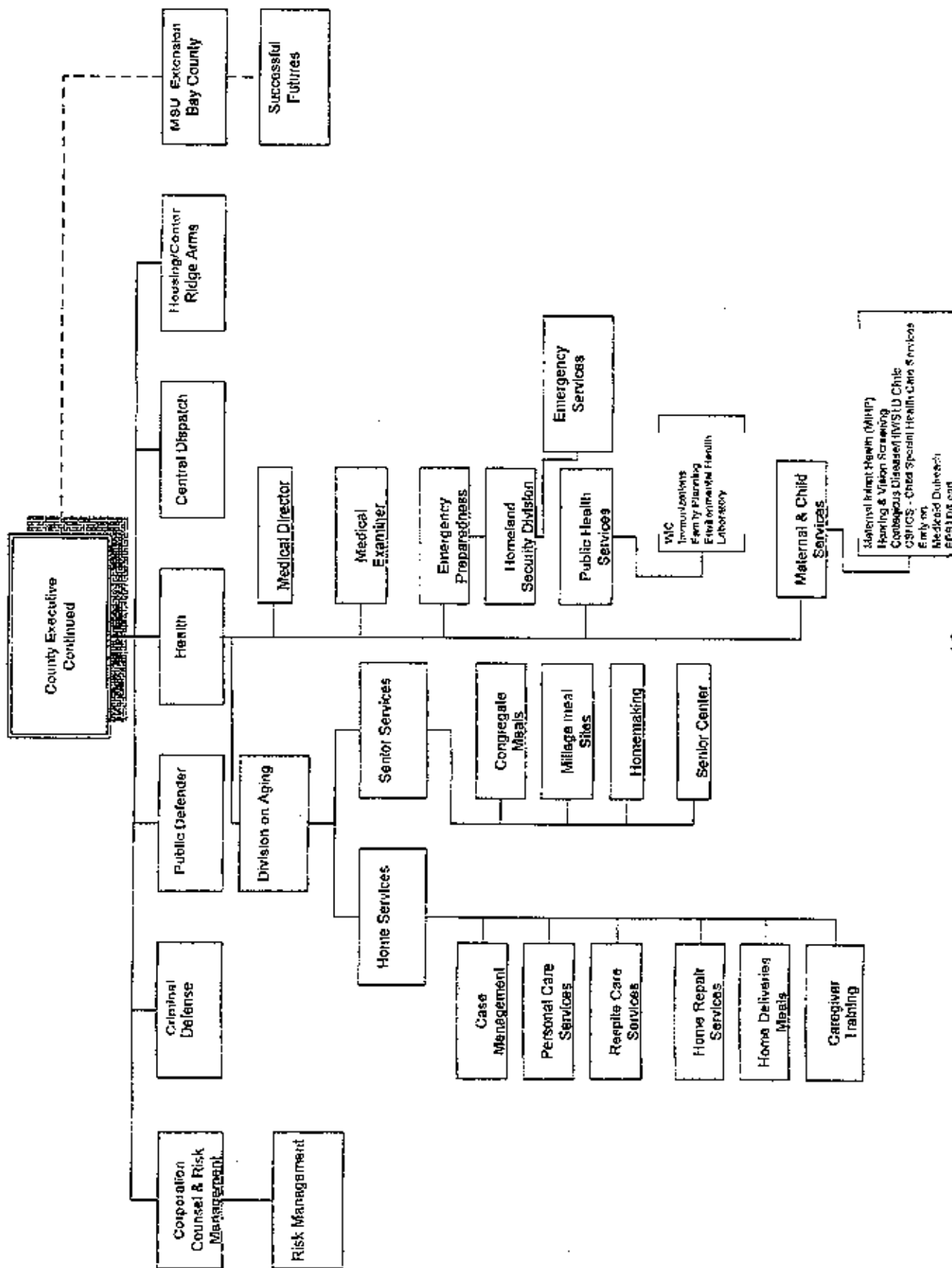
# Bay County Organizational Chart Courts



# Bay County Organizational Chart County Executive



# Bay County Organizational Chart County Executive(Continued)



# Certificate of Achievement for Excellence in Financial Reporting

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*Oliver S. Cox*

President

*Jeffrey R. Enns*

Executive Director

## **II. FINANCIAL SECTION**

**The Financial Section contains:**

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to Basic Financial Statements**
- **Supplementary Financial Information**



## INDEPENDENT AUDITORS' REPORT

June 25, 2008

Board of Commissioners  
County of Bay  
Bay City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Bay, Michigan**, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **County of Bay** management's. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bay County Housing Fund and the Medical Care Facility, which are major fund opinion units; the financial statements of the Bay County Road Commission Component Unit, which represents 62.12% of the assets and 51.18% of the revenues of the aggregate discretely presented component units; and the financial statements of the Bay County Department of Water and Sewer, which represents 22.01% of the assets and 18.86% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing fund, Road Commission and Department of Water and Sewer, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.



In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Bay, Michigan***, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons of the General Fund and major special revenue funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also separately issued our report dated June 25, 2008, on our consideration of the ***County of Bay, Michigan's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the historical pension supplementary information for the Employees Retirement System listed in the table of contents, are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***County of Bay, Michigan's*** basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script, reading "Lehmann Johnson".

## Management's Discussion and Analysis

As management of **Bay County, Michigan**, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the accompanying basic financial statements.

### **Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$72,711,125 (*net assets*). Of this amount, \$23,722,400 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,483,249.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$21,781,067, an increase of \$212,629 in comparison with the prior year. Approximately 39.39% of this total amount, or \$8,580,211, is *available for spending* at the government's discretion (*unreserved fund balance*). This amount is inclusive of both the *unreserved – designated* amount, which has been designated based upon either County policy or for a specific purpose, and the *unreserved – undesignated* amount.
- At the end of the current fiscal year, the general fund's unreserved – undesignated fund balance was \$3,806,382 or 13.91% of total general fund expenditures. Total fund balance for the general fund was \$6,370,226.
- The County's total debt decreased by \$4,455,531 or 9.65% during the current fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments and accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, and recreation and culture. The business-type activities of the County include the 100% Tax Payment Fund, Delinquent Property Tax Foreclosure, Medical Care Facility, Public Golf Course, Housing, and Commissary Operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Road Commission, a legally separate Economic Development Corporation, a legally separate Department of Water and Sewer, a legally separate Drain Commission, a legally separate Library System, and a legally separate Bay Area Narcotics Enforcement Team for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Financial statements for the Road Commission, Department of Water and Sewer, and the Drain Commission were issued separately from the County and other component units. The Bay County Building Authority, although legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 34-36 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Mosquito Control Fund, Division on Aging Fund, 911 Service Fund, Budget Stabilization Fund and Revenue Sharing Reserve Fund, each of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 37-45 of this report.

***Proprietary funds.*** The County maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its 100% Tax Payment Fund, Delinquent Property Tax Foreclosure Fund, Medical Care Facility, Public Golf Course, Housing, and Commissary operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Bay County uses internal service funds to account for its Workers' Compensation/Unemployment Compensation/Sick and Accident Self Insurance Fund and its Healthcare Self Insurance Fund. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility Fund, the 100% Tax Payment Fund and the Housing Fund, each of which are considered to be major funds. Data from the other proprietary funds are combined and presented in two separate columns distinguishing between *business-type activities* and *governmental activities*. Individual fund data for each of these nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 46-49 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 50-51 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55-103 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 105-127 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bay County, as the following table demonstrates, assets exceeded liabilities by \$72,711,125 at the close of the most recent fiscal year.

Bay County's Net Assets						
Fiscal Year Ending December 31,	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$33,653,591	\$32,985,436	\$15,149,144	\$14,405,229	\$48,802,735	\$47,390,665
Capital assets, net of accumulated depreciation	53,195,605	54,242,048	9,682,534	10,247,886	62,878,139	64,489,934
Total assets	86,849,196	87,227,484	24,831,678	24,653,115	111,680,874	111,880,599
Long-term liabilities outstanding	27,432,899	29,376,914	926,952	1,066,552	28,359,851	30,443,466
Other liabilities	8,118,597	8,667,905	2,491,301	2,551,259	10,609,898	11,219,164
Total liabilities	35,551,496	38,044,819	3,418,253	3,617,811	38,969,749	41,662,630
Net assets:						
Invested in capital assets, net of related debt	28,500,605	27,330,257	9,682,534	10,247,886	38,183,139	37,578,143
Restricted	10,805,586	12,593,800	-	-	10,805,586	12,593,800
Unrestricted	11,991,509	9,258,608	11,730,891	10,787,418	23,722,400	20,046,026
<b>Total net assets</b>	<b>\$ 51,297,700</b>	<b>\$ 49,182,665</b>	<b>\$ 21,413,425</b>	<b>\$ 21,035,304</b>	<b>\$ 72,711,125</b>	<b>\$ 70,217,969</b>

One of the largest portions of the County's net assets, \$38,183,139 (52.51%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$10,805,586 (14.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$23,722,400 (32.63%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Bay County's  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
<b>Fiscal Year Ending December 31, Revenues</b>	2007	2006	2007	2006	2007	2006
Program revenue:						
Charges for services	\$10,742,237	\$11,047,848	\$19,248,923	\$18,950,180	\$29,991,160	\$29,998,028
Operating grants and contributions	7,716,066	8,128,705	194,863	170,067	7,910,929	8,298,772
Capital grants and contributions	174,315	195,067	34,575	43,942	208,890	239,009
General revenue:						
Property taxes	22,058,685	26,709,969	1,418,657	1,323,483	23,477,342	28,033,452
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,586,883	2,538,061	520,459	782,829	2,107,342	3,320,890
Total revenue	42,278,186	48,619,650	21,417,477	21,270,501	63,695,663	69,890,151
<b>Expenses</b>						
Legislative	476,193	462,546	-	-	476,193	462,546
Judicial	6,199,519	5,985,743	-	-	6,199,519	5,985,743
General government	9,675,202	11,104,066	-	-	9,675,202	11,104,066
Public safety	10,063,369	10,151,999	-	-	10,063,369	10,151,999
Public works	6,803	5,698	-	-	6,803	5,698
Health and welfare	10,229,296	10,255,576	-	-	10,229,296	10,255,576
Community and economic development	161,116	99,308	-	-	161,116	99,308
Recreation and culture	1,886,181	1,859,716	-	-	1,886,181	1,859,716
Other activities	1,296,026	1,293,007	-	-	1,296,026	1,293,007
Interest on debt	1,141,128	1,238,778	-	-	1,141,128	1,238,778
100% tax payment	-	-	118,585	122,594	118,585	122,594
Medical care facility	-	-	18,571,595	18,627,337	18,571,595	18,627,337
Delinquent Property Tax Foreclosure	-	-	72,847	69,181	72,847	69,181
Golf course	-	-	586,215	636,359	586,215	636,359
Housing	-	-	619,345	577,292	619,345	577,292
Commissary	-	-	108,994	118,253	108,994	118,253
Total expenses	41,134,833	42,456,437	20,077,581	20,151,016	61,212,414	62,607,453
Increase in net assets before transfers	1,143,353	6,163,213	1,339,896	1,119,485	2,483,249	7,282,698
Transfers	971,857	724,487	(\$971,857)	(\$724,487)	-	-
Increase in net assets	2,115,210	6,887,700	368,039	394,998	2,483,249	7,282,698
Net assets - beginning of year, as restated	49,182,490	42,294,965	21,045,386	20,640,306	70,227,876	62,935,271
<b>Net assets - end of year</b>	<b>\$51,297,700</b>	<b>\$49,182,665</b>	<b>\$21,413,425</b>	<b>\$21,035,304</b>	<b>\$72,711,125</b>	<b>\$70,217,969</b>

The County's net assets increased by \$2,483,249 during the current fiscal year. This increase is attributable mainly to actual expenditures incurred being under budget and an increase in investment earnings and charges for services.

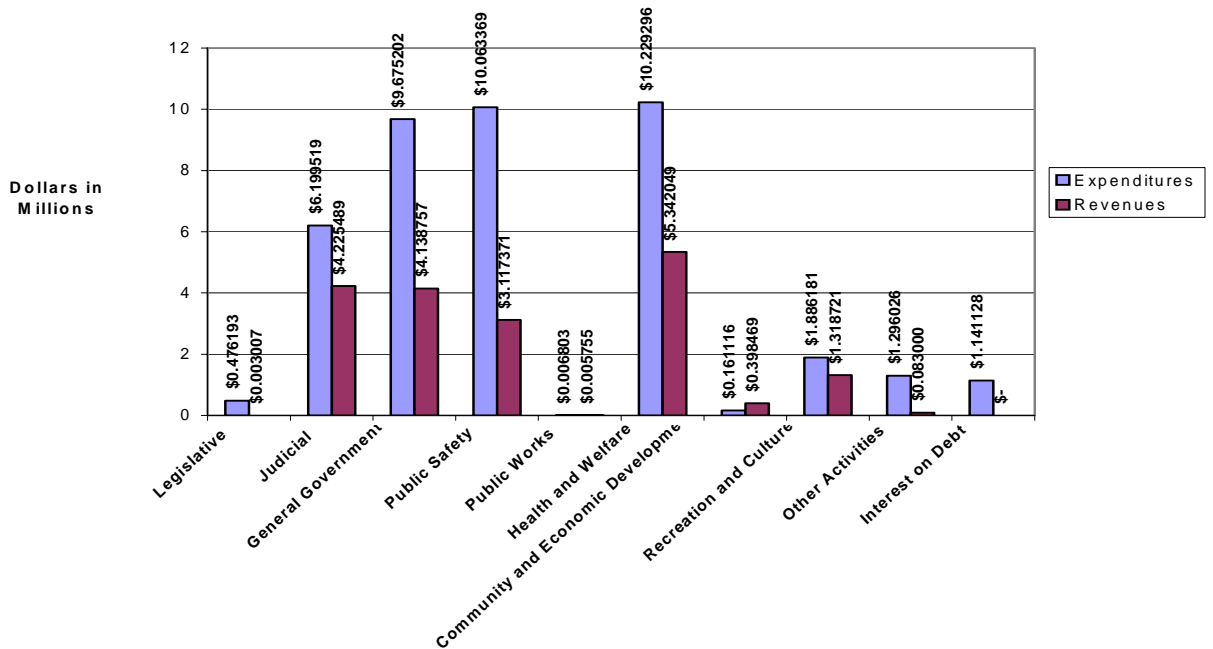
**Governmental activities.** Governmental activities increased the County's net assets by \$2,115,210 thereby accounting for the majority of growth in the net assets of the County. Key elements of this increase are as follows:

- Actual expenditures were under budget by approximately \$1.3 million.
- Expenditures decreased \$1,428,864 primarily due to a reduction in loss on the disposal of assets of approximately \$1,200,000 and a decrease of depreciation and depletion of approximately \$145,000.
- Unrestricted investment earnings increased \$226,458 in 2007 over 2006.

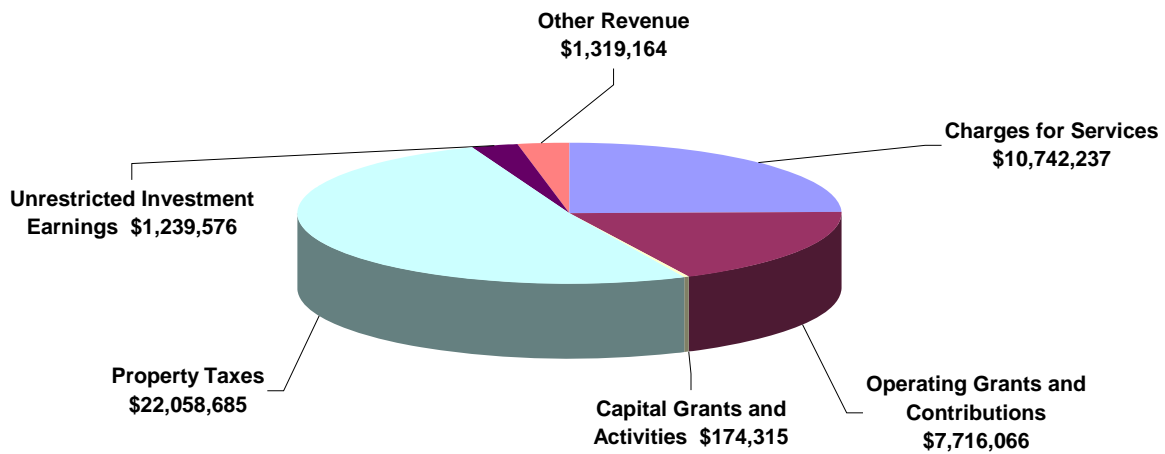
**Business-type activities.** Business-type activities increased the County's net assets by \$368,039. The key element of this increase was the Medical Care Facility Fund's charges for services increasing \$277,291 in 2007 over 2006.



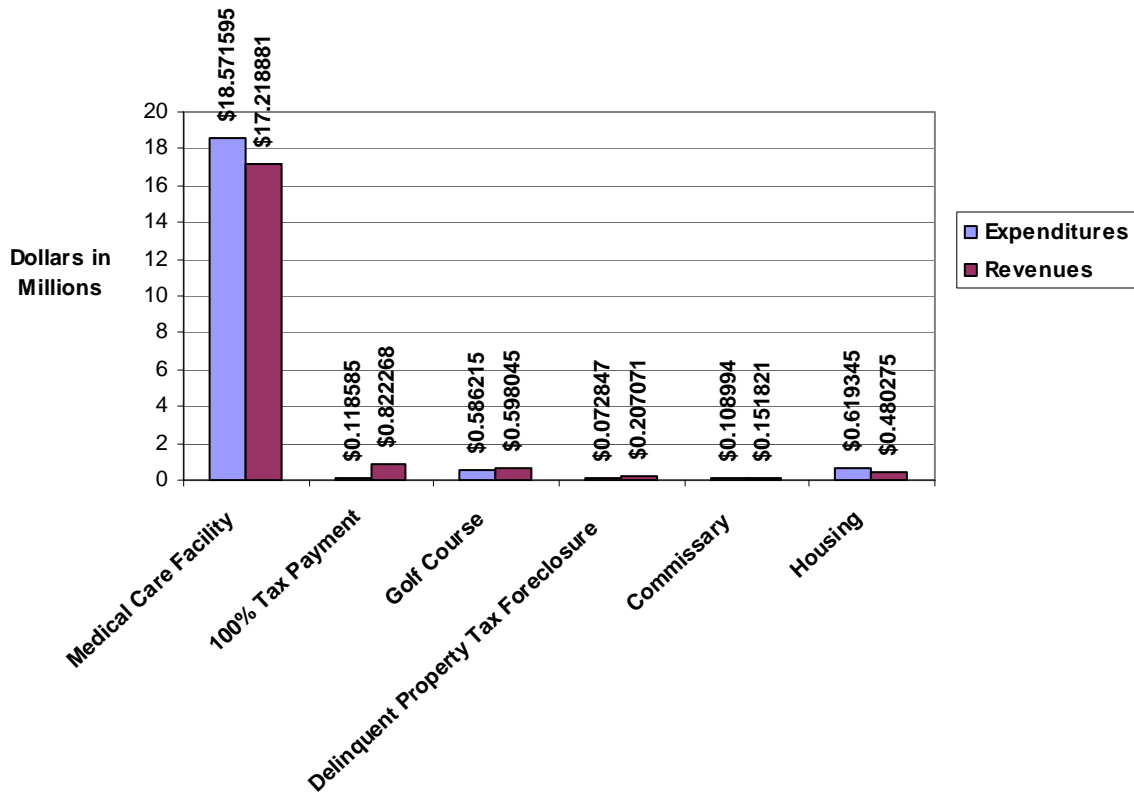
**Governmental Activities - 2007  
Expenditures and Program Revenues**



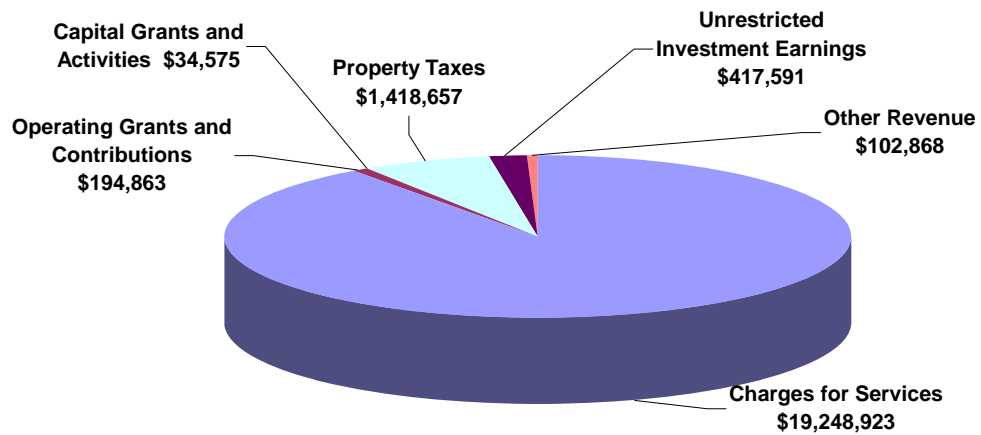
**Revenues by Source  
Governmental-Type Activities**



**Business-Type Activities - 2007  
Expenditures and Program Revenues**



**Revenues by Source  
Business-Type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$21,781,067, an increase of \$212,629 compared to the prior year. Of this amount, 39.39% (\$8,580,211) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. However, the *unreserved fund balance* amount is further separated into *unreserved – designated fund balance* (\$225,480) and *unreserved – undesignated fund balance* (\$8,354,731). The underlying distinction between the two is that *unreserved – designated fund balance* has been designated based upon a specific purpose. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for: 1) long-term advances (\$2,299,590), 2) restricted assets (\$8,357,269), 3) prepaid expenditures (\$47,442), 4) non-current assets (\$1,507,762), 5) debt service (\$703,157), 6) restricted contributions (\$237,398), and 7) inventory (\$48,238). Of the \$212,629 increase in governmental fund balances, there were increases in the General Fund of \$913,054, the 911 Service Fund of \$512,432, the Mosquito Control Fund of \$48,310, and decreases in the Revenue Sharing Reserve Fund of \$1,715,966 and Division on Aging Fund of \$186,321.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the *unreserved – undesignated fund balance* of the general fund was \$3,806,382 while total fund balance amounted to \$6,370,226. As a measure of the general fund's liquidity, it may be useful to compare both *unreserved – undesignated fund balance* and total fund balance to total fund expenditures. *Unreserved – undesignated fund balance* represents 13.91% of total general fund expenditures, while total fund balance represents 23.27% of that same amount.

Fund balance of the County's general fund increased by \$913,054 during the current fiscal year. The key factors in this increase are as follows:

- Property taxes and other taxes increased by \$1,022,717 (6.43%).
- Reimbursements, refunds and other revenue decreased by \$489,584 (16.12%).
- Judicial expenditures increased \$144,095 (2.15%).
- Other financing uses decreased \$791,429 (67.91%)

The \$1,715,966 decrease in the Revenue Sharing Reserve Fund was the result of transfers out to the General Fund to support its operations exceeding the amount of property taxes and interest earnings of the fund.

The 911 Service Fund increase of \$512,432 resulted primarily from reduced transfers out to other funds of \$195,186 and increased tax revenues of \$78,040.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the 100% Tax Payment Fund at the end of the year amounted to \$7,522,047, while those for the Medical Care Facility Fund and Housing Fund amounted to \$3,305,428 and \$445,405 respectively. The combined unrestricted net assets of the nonmajor enterprise funds and the internal service funds were \$458,011 and \$0 respectively, at the end of the year. The 100% Tax Payment Fund and the Medical Care Facility had an increase in net assets for the year of \$76,666 and \$249,279 respectively, while the Housing Fund had a decrease in net assets of \$89,560. The combined increase in net assets of the nonmajor enterprise funds was \$131,654 and the combined increase in net assets for the internal service funds was \$575,428 for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

**General Fund Budgetary Highlights.** The differences between the original budget and final amended budget for expenditures resulted in a 3.96% increase (\$1,142,557 increase in expenditures); whereas the difference between the original budget and final amended budget for revenues resulted in a 3.07% increase (\$878,083 increase in revenues); finally, the original budget for total other financing sources/uses was amended resulting in a 146.39% increase (\$378,221 increase in other financing uses). The original budget for the addition to Fund Balance (\$511,500) was affected by budgetary adjustments. These adjustments (\$1,142,695) resulted in a use of Fund Balance (\$1,154,195), including the budgeted use of reserved fund balance of \$338,201. The budgetary differences are briefly summarized as follows:

- A \$796,412 increase in computer software for a new financial, human resources and treasury management package.
- A \$320,350 increase for 2006 open purchase orders filled in 2007.
- A \$41,925 increase in miscellaneous computer hardware and software purchases.

Material actual to budget variances are as follows:

- A negative variance of \$574,581 in state grant revenues is due to the state of Michigan altering the 2007-2008 Convention/Tourism tax distribution to counties.
- The primary reason for the \$128,022 negative revenue variance in charges for services is due to actual fees collected at Register of Deeds, Sheriff and other activities being less than budgeted.
- A negative \$59,096 variance in federal grant revenue is the result of reimbursable expenditures not being incurred.

- General government expenditures were under budget by \$1,437,983 primarily as a result of a new financial, human resources and treasury management software valued at \$796,412, not purchased in 2007.
- The remaining actual to budget positive variances are due to the county exercising fiscal responsibility.

**General Fund Balance.** The following schedule presents a comparative summary of changes in the fund balance of the General Fund for the fiscal years ended December 31, 2007, and December 31, 2006, along with the amount and percentage of increases and decreases in relation to the 2006 fund balance:

	2007	2006	Variance From 2006	Percent Increase/ (Decrease)
Revenues	\$ 28,660,603	\$ 28,622,010	\$ 38,593	0.13%
Expenditures	(27,373,648)	(27,039,933)	(333,715)	1.23%
Revenue Over (Under) Expenditures	1,286,955	1,582,077	(295,122)	
Other Financing Sources (Uses):				
Insurance Recoveries & Proceeds	18,255	15,161	3,094	20.41%
Transfers In	3,641,361	4,104,965	(463,604)	(-11.29%)
Transfers Out	(4,033,517)	(5,285,456)	1,251,939	23.69%
Revenues & other financing sources over (under) expenditures & other financing uses	913,054	416,747	496,307	
Fund balance, beginning of year	5,457,172	5,040,622	416,550	
Fund balance, end of year	\$ 6,370,226	\$ 5,457,369	\$ 912,857	16.73%

The following schedule enumerates the particular changes in the classifications of fund balance.

#### GENERAL FUND BALANCE ANALYSIS

	Reserve for Advances to Other Funds	Reserve for Future Use	Unreserved	Total Fund Balance
Fund balance beginning of year	\$ 2,299,590	\$ 861,454	\$ 2,296,128	\$ 5,457,172
2006 Transactions				
Revenues over (under) expenditures	-	(597,200)	1,884,155	1,286,955
Total other financing sources (uses)	-	-	(373,901)	(373,901)
2006 net increase (decrease)	-	(597,200)	1,510,254	913,054
Fund balance, end of year	\$ 2,299,590	\$ 264,254	\$ 3,806,382	\$ 6,370,226

The Board of Commissioners approved the Specific Fund Balance Policy within the Bay County General Financial Policy. This policy establishes a Reserve for a Long Term Advance to the Budget Stabilization Fund. The policy authorizes earmarking a minimum of five percent (5%) to a maximum of ten percent (10%) of the General Fund's current year adopted budget for this Reserve.

The current long-term advance reserve consists of a reserve for budget stabilization of \$1,799,590 or 5.40% of the 2007 adopted General Fund operating budget, and a \$500,000 cash flow advance to the Health Fund.

The reserve for restricted contributions (\$158,139) consists of prepaid animal neutering fees (\$26,839), remonumentation recording fees (\$73,081), family counseling fees (\$27,850), and various revenues received for specific programs (\$30,369). The reserve for prepaid items (\$47,442) consists of items like prepaid insurance, maintenance contracts, and postage. The reserve for restricted assets (\$10,435) relates to a cash flow advance to the Flexible Spending Plan Fund and the reserve for inventories (\$48,238) relates to resalable merchandise.

**Enterprise Operations.** The enterprise operations of the County include the use of six (6) enterprise funds: the 100% Tax Payment Fund, the Medical Care Facility Fund, the Public Golf Course Fund, the Delinquent Property Tax Foreclosure Fund, the Commissary Fund, and the Housing Fund.

The 100% Tax Payment Fund is used to account for advances by the County to other local operating units and County funds of delinquent property taxes. Advances are prepaid from delinquent tax collections, interest earnings from investments, and interest and collection fees from delinquent taxes.

The Bay Medical Care Facility Fund was established to account for the operations of the County-owned facility which is a licensed skilled nursing home that provides long-term, highly skilled care to the residents of Bay County. Revenues are primarily received from patients, third-party payors, and property taxes.

The Public Golf Course Fund accounts for the operation of the County golf course. Revenues are primarily generated from user fees.

The Delinquent Property Tax Foreclosure Fund was established to account for various fees and costs relating to the Delinquent Tax Reversion process.

The Commissary Fund was established to record the operations of commissary sales to inmates at the Bay County Law Enforcement Center. Costs are recovered through charges of items sold.

The Housing Fund accounts for the operations of the Hampton Township Housing Project – Center Ridge Arms, which provides low income housing to eligible County residents. Revenues are primarily received through rental charges and an operating subsidy received from the Federal Government (HUD).

**Fiduciary Operations.** The fiduciary operations of the County include the use of eight (8) trust and/or agency funds: a General Trust and Agency Fund, the Probate Court Trust Fund, the Inmate

Trust Fund, the Library Penal Fine Fund, the Current Tax Collection Fund, the Flexible Spending Plan Fund, the Employees' Retirement System Fund and the Public Employees' Healthcare Fund.

The General Trust and Agency Fund is used to account for resources held by the County in a trustee or agency capacity which are received from various sources and subsequently disbursed to other parties.

The Probate Court Trust Fund is used to account for individual donations made to the court and their subsequent disbursement to assist youths.

The Inmate Trust Fund is used to account for deposits from inmates at the Bay County Law Enforcement Center and related expenses to maintain the fund.

The Library Penal Fine Fund is used to account for penal fines received by the District and Circuit courts and distributed to public libraries, as directed by the State Library Board, and the County's Law Library Fund per state of Michigan, Public Act 286 of 1961.

The Current Tax Collection Fund is used to account for the collection of current property taxes and special assessments held by the County in a trustee capacity and the subsequent distributions to the appropriate local governmental units and County funds.

The Flexible Spending Plan Fund is used to account for a portion of employee wages voluntarily set aside on a pre-tax basis to cover unreimbursed medical expenses and/or dependent day care expenses. The County holds these funds in a trustee capacity and reimburses the participating employees for eligible expenses.

The Employees Retirement System Fund is used to accumulate financial resources in order to pay pension benefits to retirees (spouses) and account for the related financial transactions of the Bay County Employees' Retirement System. The System is administered by the Retirement Board of Trustees while the County acts as custodian for the System.

The Public Employee Healthcare Fund is used to accumulate financial resources in order to provide medical benefits for retirees' and their spouses and dependents. The fund is administered by the Voluntary Employees' Beneficiary Association (VEBA) Board of Trustees.

### **Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounted to \$62,878,139 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment, office equipment and furniture, computer software, computer hardware, vehicles, leased assets and construction work in progress. The total decrease in the County's investment in capital assets for the current fiscal year was 2.50% (a 1.93% decrease for governmental activities and a 5.52% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The west HVAC unit was replaced at the Bay County Health Department for a total project cost of \$41,453 which includes \$4,926 of General Fund labor provided by the Bay County Buildings and Grounds Department.
- Central Dispatch 911 completed a radio project at the Whitefeather site for a total cost of \$33,028.
- Central Dispatch 911 replaced their furniture with a new Xybix system at a cost of \$86,615.
- The Bay County Golf Course purchased a \$33,934 Toro Reelmaster mower while trading in a Reelmaster Fairway mower.

**Bay County's  
Capital Assets (net of depreciation)**

Fiscal Year Ending December 31,	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$2,144,448	\$2,144,448	\$257,604	\$257,604	\$2,402,052	\$2,402,052
Land improvement	1,230,375	1,424,801	411,696	452,162	1,642,071	1,876,963
Buildings and buildings additions and improvements	47,424,623	48,736,112	8,477,666	8,770,809	55,902,289	57,506,921
Machinery and equipment	654,642	580,877	187,817	213,564	842,459	794,441
Office equipment and furniture	535,220	497,793	181,951	565,024	717,171	1,062,817
Computer software	159,851	146,617	-	-	159,851	146,617
Computer hardware	220,815	252,272	-	-	220,815	252,272
Vehicles	546,173	444,101	106,193	-	652,366	444,101
Leased assets	2,216	15,027	-	-	2,216	15,027
Construction work in progress	277,242	-	59,607	-	336,849	-
Total	\$53,195,605	\$54,242,048	\$9,682,534	\$10,259,163	\$62,878,139	\$64,501,211

Additional information on the County's capital assets can be found in note III C on pages 71-79 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total outstanding debt of \$41,696,042. Of this amount, \$35,480,091 is general obligation bonds. The remainder of the County debt is comprised of notes payable, compensated absences, claims, capital leases payable, and long term advances.



**Bay County's  
Outstanding Debt**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2007	2006	2007	2006	2007	2006
<b>Fiscal Year Ending December 31,</b>						
<b>Primary Government</b>						
General obligation bonds	\$ 24,695,000	\$ 26,815,000	-	-	\$ 24,695,000	\$ 26,815,000
Installment purchase contracts	-	82,390	-	-	-	82,390
Capital leases payable	-	14,401	-	-	-	14,401
Notes payable	-	-	78,763	-	78,763	-
Long term advances	29,000	29,000	-	-	29,000	29,000
Internal service fund claims	666,106	578,261	-	-	666,106	578,261
Compensated absences	2,042,793	1,857,862	396,050	420,026	2,438,843	2,277,888
Claims	-	-	491,520	646,526	491,520	646,526
<b>Component Units</b>						
General obligation bonds	10,785,091	13,678,091	-	-	10,785,091	13,678,091
Notes payable	1,213,641	509,226	-	-	1,213,641	509,226
Revenue bonds	-	-	-	-	-	-
Compensated absences	1,298,078	1,266,541	-	-	1,298,078	1,266,541
Claims	-	254,249	-	-	-	254,249
<b>Total</b>	<b>\$ 40,729,709</b>	<b>\$ 45,085,021</b>	<b>\$ 966,333</b>	<b>\$ 1,066,552</b>	<b>\$ 41,696,042</b>	<b>\$ 46,151,573</b>

The County's total gross long-term debt of \$41,696,042 is equivalent to \$388 per capita or 1.3% of the County's taxable value of property.

The County's total debt decreased by \$4,455,531 (9.65%) during the fiscal year.

The County's current bond ratings are as follows:

	<u>Moody's</u>	<u>Standard and Poors</u>
Unlimited tax obligations	A2	A
Limited tax obligations	A3	A
Insured limited tax obligations	Aaa	AAA
Revenue bonds	unrated	unrated
Special assessment bonds	unrated	unrated

Current state statutes (Article 7, Section II, Michigan Constitution of 1963) limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The County's current debt limit and margin (amounts expressed in thousands) is as follows:

Debt limit	\$347,620
Debt margin	\$312,140
Percent of limit	89.80%

Additional information on the County's long-term debt can be found in note III F on pages 83-87 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The following factors were considered in preparing the County's budget for the 2008 fiscal year:

- Staffing levels.
- 2% wage increase.
- Increasing general liability insurance costs.
- Increasing health insurance costs for employees and retirees.
- Higher utility costs.
- Higher gasoline costs.
- Reduction in some federal and state grants and local government reimbursements.
- Transfers to/from other funds.
- Limiting capital expenditures.
- Indigent attorney costs

During the current fiscal year, unreserved–undesignated fund balance in the General Fund increased to \$3,806,382. The County has not appropriated any of this amount for spending in the adopted 2008 fiscal year budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in Bay County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, Bay County Building, 515 Center Avenue, Suite 701, Bay City, Michigan 48708-5128.

**BAY COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,945,083	\$ 3,545,969	\$ 16,491,052	\$ 12,575,020
Investments	8,360,617	4,982,963	13,343,580	954,386
Receivables	11,740,566	6,384,005	18,124,571	20,687,777
Internal balances	39,223	(39,031)	192	-
Prepaid items and other assets	519,864	267,034	786,898	627,368
Inventories	48,238	8,204	56,442	989,884
Capital assets, net:				
Assets not being depreciated	2,421,690	317,211	2,738,901	45,239,032
Assets being depreciated	50,773,915	9,365,323	60,139,238	62,157,381
<b>TOTAL ASSETS</b>	<b>86,849,196</b>	<b>24,831,678</b>	<b>111,680,874</b>	<b>143,230,848</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,993,450	943,202	2,936,652	2,389,277
Unearned revenue	5,870,840	1,508,718	7,379,558	5,760,840
Unamortized bond premium	254,307	-	254,307	-
Noncurrent liabilities:				
Due within one year	2,870,379	889,078	3,759,457	3,081,541
Due in more than one year	24,562,520	77,255	24,639,775	10,212,792
<b>TOTAL LIABILITIES</b>	<b>35,551,496</b>	<b>3,418,253</b>	<b>38,969,749</b>	<b>21,444,450</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	28,500,605	9,603,771	38,104,376	104,567,682
Restricted for:				
Debt service	703,157	-	703,157	743,227
Noncurrent assets	1,507,762	-	1,507,762	-
Restricted contributions	237,398	-	237,398	-
Restricted assets	7,230,550	-	7,230,550	-
System replacement	-	-	-	403,995
Unrestricted	13,118,228	11,809,654	24,927,882	16,071,494
<b>TOTAL NET ASSETS</b>	<b>\$ 51,297,700</b>	<b>\$ 21,413,425</b>	<b>\$ 72,711,125</b>	<b>\$ 121,786,398</b>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FUNCTIONS / PROGRAMS</b>	<b>EXPENSES</b>	<b>INDIRECT EXPENSES ALLOCATION</b>	<b>PROGRAM REVENUES</b>			<b>NET (EXPENSE) REVENUE</b>
			<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	
<b>PRIMARY GOVERNMENT</b>						
<b>GOVERNMENTAL ACTIVITIES:</b>						
Public safety	\$ 10,016,238	\$ 47,131	\$ 1,649,313	\$ 1,352,516	\$ 115,542	\$ (6,945,998)
Community and economic development	189,728	(28,612)	20,509	377,960	-	237,353
Health and welfare	10,229,296	-	2,266,056	3,057,274	18,719	(4,887,247)
Public works	6,803	-	5,755	-	-	(1,048)
General government	9,992,403	(317,201)	3,000,349	1,138,408	-	(5,536,445)
Judicial	5,936,801	262,718	2,460,180	1,753,255	12,054	(1,974,030)
Legislative	476,193	-	3,007	-	-	(473,186)
Recreation and culture	1,971,080	(84,899)	1,254,068	36,653	28,000	(567,460)
Other functions	1,296,026	-	83,000	-	-	(1,213,026)
Interest on long-term debt	1,141,128	-	-	-	-	(1,141,128)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>41,255,696</b>	<b>(120,863)</b>	<b>10,742,237</b>	<b>7,716,066</b>	<b>174,315</b>	<b>(22,502,215)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Medical Care Facility	18,566,119	5,476	17,218,881	-	-	(1,352,714)
100% Tax Payment	118,585	-	822,268	-	-	703,683
Golf Course	506,085	80,130	598,045	-	-	11,830
Delinquent Property Tax Foreclosure	72,847	-	207,071	-	-	134,224
Commissary	108,994	-	151,821	-	-	42,827
Housing	590,733	28,612	250,837	194,863	34,575	(139,070)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>19,963,363</b>	<b>114,218</b>	<b>19,248,923</b>	<b>194,863</b>	<b>34,575</b>	<b>(599,220)</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 61,219,059</b>	<b>\$ (6,645)</b>	<b>\$ 29,991,160</b>	<b>\$ 7,910,929</b>	<b>\$ 208,890</b>	<b>\$ (23,101,435)</b>
<b>COMPONENT UNITS</b>						
Road Commission	\$ 11,207,773	\$ -	\$ 1,868,910	\$ 7,267,583	\$ 3,060,395	\$ 989,115
Library System	4,169,360	4,769	536,158	90,905	80,145	(3,466,921)
Department of Water and Sewer	4,521,638	-	4,165,908	-	-	(355,730)
Drain Commission	369,225	-	1,530,384	-	456,453	1,617,612
Bay Area Narcotics Enforcement Team	893,930	1,876	519,562	468,711	-	92,467
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 21,161,926</b>	<b>\$ 6,645</b>	<b>\$ 8,620,922</b>	<b>\$ 7,827,199</b>	<b>\$ 3,596,993</b>	<b>\$ (1,123,457)</b>

**BAY COUNTY**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	
<b>CHANGES IN NET ASSETS</b>				
Net (expense) revenue	\$ (22,502,215)	\$ (599,220)	\$ (23,101,435)	\$ (1,123,457)
General revenues:				
Property taxes	22,058,685	1,418,657	23,477,342	2,829,209
Unrestricted investment earnings	1,239,576	417,591	1,657,167	600,722
Other revenue	347,307	102,438	449,745	299,837
Gain on disposal of capital assets	-	430	430	-
Transfers - internal activities	971,857	(971,857)	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>	<u>24,617,425</u>	<u>967,259</u>	<u>25,584,684</u>	<u>3,729,768</u>
<b>CHANGE IN NET ASSETS</b>	2,115,210	368,039	2,483,249	2,606,311
NET ASSETS, BEGINNING OF YEAR	<u>49,182,490</u>	<u>21,045,386</u>	<u>70,227,876</u>	<u>119,180,087</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 51,297,700</u>	<u>\$ 21,413,425</u>	<u>\$ 72,711,125</u>	<u>\$ 121,786,398</u>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>GENERAL</u>	<u>MOSQUITO CONTROL</u>	<u>BUDGET STABILIZATION</u>	<u>911 SERVICE</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 178,760	\$ 1,087,908	\$ 1,487,552
Investments	2,097,676	98,232	711,682	943,754
Accounts receivable	284,842	210	-	329
Property taxes receivable	1,631,750	1,289,432	-	2,015,714
Accrued interest receivable	70,813	4,099	-	26,700
Inventories	48,238	-	-	-
Due from other funds	98,730	-	-	-
Due from component units	281,381	-	-	-
Due from other governmental units	1,670,025	-	-	51,943
Prepaid items and other current assets	480,799	-	-	-
Interfund advances	2,299,590	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 8,963,844</u>	<u>\$ 1,570,733</u>	<u>\$ 1,799,590</u>	<u>\$ 4,525,992</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 669,942	\$ 4,580	\$ -	\$ 14,195
Accrued items and other liabilities	469,744	7,164	-	36,964
Accrued vacation and sick pay, current	85,413	-	-	2,165
Due to other funds	299,551	228	-	1,201
Due to component units	92,470	-	-	-
Due to other governmental units	99,791	877	-	2,550
Deposits	10,344	-	-	-
Interfund advances	22,792	-	1,799,590	-
Long term advances from other governmental units	-	-	-	-
Deferred revenue	843,571	1,320,030	-	2,063,545
<b>TOTAL LIABILITIES</b>	<u>2,593,618</u>	<u>1,332,879</u>	<u>1,799,590</u>	<u>2,120,620</u>
<b>FUND BALANCES:</b>				
Reserved:				
Debt service	-	-	-	-
Non-current assets	-	-	-	-
Restricted contributions	158,139	-	-	-
Prepaid items	47,442	-	-	-
Inventories	48,238	-	-	-
Restricted assets	10,435	-	-	-
Advances	2,299,590	-	-	-
Total reserves	2,563,844	-	-	-
Unreserved:				
Designated for subsequent year's expenditures				
General fund	1,129,648	-	-	-
Special revenue funds	-	27,730	-	68,048
Designated for other projects and activities				
Special revenue funds	-	-	-	-
Undesignated:				
General fund	2,676,734	-	-	-
Special revenue fund	-	210,124	-	2,337,324
<b>TOTAL FUND BALANCES</b>	<u>6,370,226</u>	<u>237,854</u>	<u>-</u>	<u>2,405,372</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,963,844</u>	<u>\$ 1,570,733</u>	<u>\$ 1,799,590</u>	<u>\$ 4,525,992</u>

The accompanying notes are an integral part of these financial statements.

<b>DIVISION ON AGING</b>	<b>REVENUE SHARING RESERVE</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ 354,609	\$ 4,740,386	\$ 2,349,164	\$ 10,198,379
166,048	3,271,932	565,085	7,854,409
30,156	-	1,563,631	1,879,168
1,439,768	-	556,593	6,933,257
7,547	73,291	14,084	196,534
-	-	-	48,238
-	261,225	-	359,955
200	-	10,178	291,759
58,091	-	609,996	2,390,055
-	-	-	480,799
-	-	-	2,299,590
<u>\$ 2,056,419</u>	<u>\$ 8,346,834</u>	<u>\$ 5,668,731</u>	<u>\$ 32,932,143</u>
\$ 32,611	\$ -	\$ 112,845	\$ 834,173
32,922	-	87,188	633,982
893	-	2,924	91,395
956	-	16,919	318,855
-	-	-	92,470
3,928	-	53,654	160,800
-	-	-	10,344
-	-	500,000	2,322,382
-	-	29,000	29,000
1,475,282	-	955,247	6,657,675
<u>1,546,592</u>	<u>-</u>	<u>1,757,777</u>	<u>11,151,076</u>
-	-	703,157	703,157
-	-	1,507,762	1,507,762
-	-	79,259	237,398
-	-	-	47,442
-	-	-	48,238
-	7,220,115	-	7,230,550
-	-	-	2,299,590
<u>-</u>	<u>7,220,115</u>	<u>2,290,178</u>	<u>12,074,137</u>
-	-	-	1,129,648
423,302	1,126,719	52,632	1,698,431
-	-	225,480	225,480
-	-	-	2,676,734
86,525	-	1,342,664	3,976,637
<u>509,827</u>	<u>8,346,834</u>	<u>3,910,954</u>	<u>21,781,067</u>
<u>\$ 2,056,419</u>	<u>\$ 8,346,834</u>	<u>\$ 5,668,731</u>	<u>\$ 32,932,143</u>

**BAY COUNTY**  
**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET**  
**FOR GOVERNMENTAL FUNDS TO NET ASSETS OF**  
**GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

Fund balances - total governmental funds	\$ 21,781,067
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	75,944,974
Deduct - accumulated depreciation	(22,749,369)

Other long-term assets are not available to pay for current period expenditures and, therefore, either deferred or otherwise not recorded in the funds

Add - deferred revenue for delinquent taxes receivable	786,835
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Bond premiums in the governmental activities are reported in the funds, but amortized over the life of the bonds on the statement of net assets

Deduct - unamortized bond premium	(254,307)
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Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service funds	2,617,736
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - long-term debt	(24,695,000)
Deduct - accrued interest on long-term debt	(182,901)
Deduct - accrued liability to Historical Preservation	(882)
Deduct - long-term portion of compensated absences	(1,950,453)

Net assets of governmental activities	<u><u>\$ 51,297,700</u></u>
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The accompanying notes are an integral part of these financial statements.



**BAY COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>GENERAL</u>	<u>MOSQUITO CONTROL</u>	<u>BUDGET STABILIZATION</u>	<u>911 SERVICE</u>
<b>REVENUES</b>				
Property taxes and other taxes	\$ 16,929,350	\$ 1,273,632	\$ -	\$ 1,991,156
Licenses and permits	185,593	-	-	-
Federal grants	2,280,039	-	-	-
State grants	1,346,729	-	-	225,252
Interest, rents and royalties	1,383,440	23,251	-	136,868
Charges for services	3,076,141	389	-	-
Fines and forfeits	912,264	-	-	-
Reimbursements, refunds, and other revenues	2,547,047	96	-	9,261
<b>TOTAL REVENUES</b>	<u>28,660,603</u>	<u>1,297,368</u>	<u>-</u>	<u>2,362,537</u>
<b>EXPENDITURES</b>				
Current				
Legislative	485,491	-	-	-
Judicial	5,894,123	-	-	-
General government	8,919,172	-	-	-
Public safety	8,164,241	-	-	1,805,773
Public works	6,803	-	-	-
Health and welfare	1,022,494	1,147,366	-	-
Community and economic development	135,375	-	-	-
Recreation and culture	1,383,706	-	-	-
Other functions	1,296,026	-	-	-
Debt service				
Principal	65,022	-	-	9,372
Interest and other fees	1,195	-	-	1,050
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>27,373,648</u>	<u>1,147,366</u>	<u>-</u>	<u>1,816,195</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,286,955</u>	<u>150,002</u>	<u>-</u>	<u>546,342</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries/proceeds	18,255	-	-	-
Transfers in	3,641,361	-	-	-
Transfer (out)	(4,033,517)	(101,692)	-	(33,910)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(373,901)</u>	<u>(101,692)</u>	<u>-</u>	<u>(33,910)</u>
<b>NET CHANGE IN FUND BALANCES</b>	913,054	48,310	-	512,432
FUND BALANCES, BEGINNING OF YEAR	<u>5,457,172</u>	<u>189,544</u>	<u>-</u>	<u>1,892,940</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 6,370,226</u>	<u>\$ 237,854</u>	<u>\$ -</u>	<u>\$ 2,405,372</u>

The accompanying notes are an integral part of these financial statements.

<b>DIVISION ON AGING</b>	<b>REVENUE SHARING RESERVE</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
\$ 1,422,221	\$ (99,663)	\$ 271,715	\$ 21,788,411
-	-	191,554	377,147
606,407	-	1,177,461	4,063,907
17,324	-	1,383,080	2,972,385
44,841	309,703	366,946	2,265,049
24,511	-	170,638	3,271,679
-	-	15,821	928,085
431,349	-	3,388,449	6,376,202
<u>2,546,653</u>	<u>210,040</u>	<u>6,965,664</u>	<u>42,042,865</u>
-	-	-	485,491
-	-	81,186	5,975,309
-	-	147,052	9,066,224
-	-	319,421	10,289,435
-	-	-	6,803
2,396,370	-	5,639,352	10,205,582
-	-	59,578	194,953
-	-	524,817	1,908,523
-	-	-	1,296,026
-	-	2,142,397	2,216,791
-	-	1,152,348	1,154,593
-	-	20,618	20,618
<u>2,396,370</u>	<u>-</u>	<u>10,086,769</u>	<u>42,820,348</u>
<u>150,283</u>	<u>210,040</u>	<u>(3,121,105)</u>	<u>(777,483)</u>
-	-	-	18,255
6,200	-	4,027,317	7,674,878
<u>(342,804)</u>	<u>(1,926,006)</u>	<u>(265,092)</u>	<u>(6,703,021)</u>
<u>(336,604)</u>	<u>(1,926,006)</u>	<u>3,762,225</u>	<u>990,112</u>
(186,321)	(1,715,966)	641,120	212,629
<u>696,148</u>	<u>10,062,800</u>	<u>3,269,834</u>	<u>21,568,438</u>
<u>\$ 509,827</u>	<u>\$ 8,346,834</u>	<u>\$ 3,910,954</u>	<u>\$ 21,781,067</u>

**BAY COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

Net change in fund balances - total governmental funds	\$ 212,629
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	999,134
Deduct - loss on sale of capital assets	(68,686)
Deduct - depreciation expense	(1,976,891)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the funds, rather they are deferred to the following fiscal year

Add - increase in delinquent property taxes	270,274
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	2,216,791
Add - amortization of bond premium	29,483

Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The net revenue (expense) of the funds is reported with governmental activities.

Add - interest revenue from governmental internal service funds	67,655
Add - net operating income from governmental activities in internal service funds	507,773

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrued interest payable on bonds	13,458
Add - decrease in the accrual to Historical Preservation	105
Deduct - increase in the accrual for compensated absences	(156,515)

Change in net assets of governmental activities	\$ 2,115,210
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The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Property taxes and other taxes	\$ 16,747,986	\$ 16,970,274	\$ 16,929,350	\$ (40,924)
Licenses and permits	222,100	218,100	185,593	(32,507)
Federal grants	1,804,571	2,339,135	2,280,039	(59,096)
State grants	1,957,956	1,921,310	1,346,729	(574,581)
Interest, rents and royalties	1,241,128	1,383,698	1,383,440	(258)
Charges for services	3,207,000	3,204,163	3,076,141	(128,022)
Fines and forfeits	916,000	916,000	912,264	(3,736)
Reimbursements, refunds, and other revenues	2,499,049	2,521,193	2,547,047	25,854
<b>TOTAL REVENUES</b>	<b>28,595,790</b>	<b>29,473,873</b>	<b>28,660,603</b>	<b>(813,270)</b>
<b>EXPENDITURES</b>				
Current				
Legislative	506,985	513,755	485,491	28,264
Judicial	6,130,553	6,209,156	5,894,123	315,033
General government	9,666,251	10,357,155	8,919,172	1,437,983
Public safety	7,730,160	8,447,866	8,164,241	283,625
Public works	6,050	6,050	6,803	(753)
Health and welfare	1,016,253	1,030,253	1,022,494	7,759
Community and economic development	143,207	163,705	135,375	28,330
Recreation and culture	1,479,539	1,560,431	1,383,706	176,725
Other functions	1,625,638	1,635,078	1,296,026	339,052
Debt service				
Principal	517,678	66,312	65,022	1,290
Interest and other fees	26,617	1,727	1,195	532
<b>TOTAL EXPENDITURES</b>	<b>28,848,931</b>	<b>29,991,488</b>	<b>27,373,648</b>	<b>2,617,840</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(253,141)</b>	<b>(517,615)</b>	<b>1,286,955</b>	<b>1,804,570</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries/proceeds	-	10,600	18,255	7,655
Transfers in	3,617,746	3,627,156	3,641,361	14,205
Transfer (out)	(3,876,105)	(4,274,336)	(4,033,517)	240,819
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(258,359)</b>	<b>(636,580)</b>	<b>(373,901)</b>	<b>262,679</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(511,500)</b>	<b>(1,154,195)</b>	<b>913,054</b>	<b>2,067,249</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>5,457,172</b>	<b>5,457,172</b>	<b>5,457,172</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 4,945,672</b>	<b>\$ 4,302,977</b>	<b>\$ 6,370,226</b>	<b>\$ 2,067,249</b>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY**  
**MOSQUITO CONTROL SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 1,320,782	\$ 1,320,782	\$ 1,273,632	\$ (47,150)
Interest, rents and royalties	7,500	7,500	23,251	15,751
Charges for services	-	-	389	389
Reimbursements, refunds, and other revenues	100	100	96	(4)
<b>TOTAL REVENUES</b>	1,328,382	1,328,382	1,297,368	(31,014)
<b>EXPENDITURES</b>				
Health and welfare	1,258,512	1,258,512	1,147,366	111,146
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	69,870	69,870	150,002	80,132
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(101,692)	(101,692)	(101,692)	-
<b>NET CHANGE IN FUND BALANCES</b>	(31,822)	(31,822)	48,310	80,132
<b>FUND BALANCES, BEGINNING OF YEAR</b>	189,544	189,544	189,544	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 157,722	\$ 157,722	\$ 237,854	\$ 80,132

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY**  
**911 SERVICE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 1,982,222	\$ 1,982,222	\$ 1,991,156	\$ 8,934
State grants	202,000	202,000	225,252	23,252
Interest, rents and royalties	105,400	105,400	136,868	31,468
Reimbursements, refunds, and other revenues	3,300	3,300	9,261	5,961
<b>TOTAL REVENUES</b>	<b>2,292,922</b>	<b>2,292,922</b>	<b>2,362,537</b>	<b>69,615</b>
<b>EXPENDITURES</b>				
Public safety	2,271,685	2,391,886	1,805,773	586,113
Debt service				
Principal	9,672	9,672	9,372	300
Interest and other fees	927	927	1,050	(123)
<b>TOTAL EXPENDITURES</b>	<b>2,282,284</b>	<b>2,402,485</b>	<b>1,816,195</b>	<b>586,290</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,638</b>	<b>(109,563)</b>	<b>546,342</b>	<b>655,905</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(33,910)	(33,910)	(33,910)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(23,272)</b>	<b>(143,473)</b>	<b>512,432</b>	<b>655,905</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,892,940</b>	<b>1,892,940</b>	<b>1,892,940</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,869,668</b>	<b>\$ 1,749,467</b>	<b>\$ 2,405,372</b>	<b>\$ 655,905</b>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY**  
**DIVISION ON AGING SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Property and other taxes	\$ 1,411,944	\$ 1,411,944	\$ 1,422,221	\$ 10,277
Federal grants	591,241	606,784	606,407	(377)
State grants	10,266	6,431	17,324	10,893
Interest, rents and royalties	8,000	8,000	44,841	36,841
Charges for services	8,800	19,000	24,511	5,511
Reimbursements, refunds, and other revenues	424,596	448,601	431,349	(17,252)
<b>TOTAL REVENUES</b>	<b>2,454,847</b>	<b>2,500,760</b>	<b>2,546,653</b>	<b>45,893</b>
<b>EXPENDITURES</b>				
Health and welfare	2,614,557	2,676,169	2,396,370	279,799
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(159,710)</b>	<b>(175,409)</b>	<b>150,283</b>	<b>325,692</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,200	6,200	6,200	-
Transfers (out)	(342,804)	(342,804)	(342,804)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(336,604)</b>	<b>(336,604)</b>	<b>(336,604)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(496,314)</b>	<b>(512,013)</b>	<b>(186,321)</b>	<b>325,692</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>696,148</b>	<b>696,148</b>	<b>696,148</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 199,834</b>	<b>\$ 184,135</b>	<b>\$ 509,827</b>	<b>\$ 325,692</b>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY**  
**REVENUE SHARING RESERVE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Property taxes and other taxes	\$ -	\$ -	\$ (99,663)	\$ (99,663)
Interest, rents and royalties	330,000	330,000	309,703	(20,297)
<b>TOTAL REVENUES</b>	330,000	330,000	210,040	(119,960)
<b>OTHER FINANCING (USES)</b>				
Transfer (out)	(1,944,180)	(1,926,006)	(1,926,006)	-
<b>NET CHANGE IN FUND BALANCES</b>	(1,614,180)	(1,596,006)	(1,715,966)	(119,960)
FUND BALANCE, BEGINNING OF YEAR	10,062,800	10,062,800	10,062,800	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 8,448,620</u>	<u>\$ 8,466,794</u>	<u>\$ 8,346,834</u>	<u>\$ (119,960)</u>

The accompanying notes are an integral part of these financial statements.



**BAY COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>					<b>GOVERNMENTAL ACTIVITIES</b>
	<b>MEDICAL CARE FACILITY</b>	<b>100% TAX PAYMENT</b>	<b>HOUSING</b>	<b>OTHER PROPRIETAR FUNDS</b>	<b>TOTAL</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 442,722	\$ 2,547,677	\$ 240,819	\$ 314,751	\$ 3,545,969	\$ 2,746,704
Investments	3,026,386	1,581,817	196,324	178,436	4,982,963	506,208
Accounts receivable, net of allowance	1,399,326	2,434	68,057	5,823	1,475,640	7,303
Property taxes receivable	1,468,201	2,603,195	-	-	4,071,396	-
Accrued interest receivable	-	386,521	-	4,298	390,819	12,791
Inventories	-	-	-	8,204	8,204	-
Due from other funds	-	18	-	41,676	41,694	20,923
Due from component units	-	-	-	-	-	1,466
Due from other governmental units	-	445,896	-	254	446,150	-
Prepaid items and other current assets	223,378	-	43,656	-	267,034	67,298
Interfund advances	-	-	-	22,792	22,792	-
<b>TOTAL CURRENT ASSETS</b>	<b>6,560,013</b>	<b>7,567,558</b>	<b>548,856</b>	<b>576,234</b>	<b>15,252,661</b>	<b>3,362,693</b>
<b>NONCURRENT ASSETS</b>						
Construction in progress	59,607	-	-	-	59,607	-
Land	-	-	90,583	167,021	257,604	-
Land improvements	-	-	317,888	776,062	1,093,950	-
Buildings and improvements	11,423,909	-	4,262,116	406,224	16,092,249	-
Machinery and equipment	413,114	-	278,806	459,903	1,151,823	-
Office furniture and fixtures	2,357,590	2,035	-	16,669	2,376,294	-
Vehicles and other	60,002	-	-	126,603	186,605	-
Less accumulated depreciation	(7,837,153)	(2,035)	(2,558,841)	(1,137,569)	(11,535,598)	-
<b>TOTAL NONCURRENT ASSETS</b>	<b>6,477,069</b>	<b>-</b>	<b>2,390,552</b>	<b>814,913</b>	<b>9,682,534</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>13,037,082</b>	<b>7,567,558</b>	<b>2,939,408</b>	<b>1,391,147</b>	<b>24,935,195</b>	<b>3,362,693</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	397,760	786	21,331	9,455	429,332	604
Accrued items and other liabilities	433,492	2,071	19,932	6,687	462,182	77,094
Accrued vacation and sick pay	344,421	615	10,283	2,858	358,177	-
Deposits payable	1,683	-	19,988	-	21,671	-
Due to other funds	83,452	19,876	-	189	103,517	8
Due to other governmental units	-	13,332	16,204	481	30,017	200
Claims, settlements, and judgments	491,520	-	-	-	491,520	553,984
Unearned revenue	1,502,257	-	3,062	3,399	1,508,718	-
Notes payable, current portion	-	-	-	39,381	39,381	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,254,585</b>	<b>36,680</b>	<b>90,800</b>	<b>62,450</b>	<b>3,444,515</b>	<b>631,890</b>
<b>NONCURRENT LIABILITIES</b>						
Claims, settlements, and judgments	-	-	-	-	-	112,122
Notes payable, net of current portion	-	-	-	39,382	39,382	-
Accrued vacation and sick pay	-	8,831	12,651	16,391	37,873	945
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>8,831</b>	<b>12,651</b>	<b>55,773</b>	<b>77,255</b>	<b>113,067</b>
<b>TOTAL LIABILITIES</b>	<b>3,254,585</b>	<b>45,511</b>	<b>103,451</b>	<b>118,223</b>	<b>3,521,770</b>	<b>744,957</b>
<b>NET ASSETS</b>						
Investment in capital assets, net of related debt	6,477,069	-	2,390,552	736,150	9,603,771	-
Restricted for insurance claims	-	-	-	-	-	2,293,071
Restricted for advances received	-	-	-	-	-	324,665
Unrestricted	3,305,428	7,522,047	445,405	536,774	11,809,654	-
<b>TOTAL NET ASSETS</b>	<b>\$ 9,782,497</b>	<b>\$ 7,522,047</b>	<b>\$ 2,835,957</b>	<b>\$ 1,272,924</b>	<b>\$ 21,413,425</b>	<b>\$ 2,617,736</b>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	MEDICAL	100% TAX	OTHER			ACTIVITIES
	CARE	PAYMENT	HOUSING	PROPRIETAR	TOTAL	INTERNAL
	FACILITY			FUNDS		SERVICE
						FUNDS
<b>OPERATING REVENUES</b>						
Program grants-subsidies	\$ -	\$ -	\$ 194,863	\$ -	\$ 194,863	\$ -
Charges for services	17,218,881	300	250,837	956,937	18,426,955	5,335,413
Reimbursements, refunds, and other revenue	53,340	-	30,809	11,374	95,523	90,394
<b>TOTAL OPERATING REVENUES</b>	<b>17,272,221</b>	<b>300</b>	<b>476,509</b>	<b>968,311</b>	<b>18,717,341</b>	<b>5,425,807</b>
<b>OPERATING EXPENSES</b>						
Personal services	8,547,440	103,863	153,002	285,517	9,089,822	4,072,732
Supplies	-	14,267	-	76,905	91,172	76
Other services	9,307,083	455	267,720	337,828	9,913,086	845,226
Depreciation	610,491	-	198,623	67,806	876,920	-
<b>TOTAL OPERATING EXPENSES</b>	<b>18,465,014</b>	<b>118,585</b>	<b>619,345</b>	<b>768,056</b>	<b>19,971,000</b>	<b>4,918,034</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,192,793)</b>	<b>(118,285)</b>	<b>(142,836)</b>	<b>200,255</b>	<b>(1,253,659)</b>	<b>507,773</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Property and other taxes	1,418,657	821,968	-	-	2,240,625	-
Federal grants	-	-	-	-	-	-
Other income	6,915	-	-	-	6,915	-
Gain (loss) on disposal of capital assets	(102,732)	-	430	-	(102,302)	-
Interest income	123,081	253,766	18,271	22,473	417,591	67,655
Interest expense	(3,849)	-	-	-	(3,849)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,442,072</b>	<b>1,075,734</b>	<b>18,701</b>	<b>22,473</b>	<b>2,558,980</b>	<b>67,655</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>249,279</b>	<b>957,449</b>	<b>(124,135)</b>	<b>222,728</b>	<b>1,305,321</b>	<b>575,428</b>
Capital contributions	-	-	34,575	-	34,575	-
Transfers (out)	-	(880,783)	-	(91,074)	(971,857)	-
<b>CHANGE IN NET ASSETS</b>	<b>249,279</b>	<b>76,666</b>	<b>(89,560)</b>	<b>131,654</b>	<b>368,039</b>	<b>575,428</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>9,533,218</b>	<b>7,445,381</b>	<b>2,925,517</b>	<b>1,141,270</b>	<b>21,045,386</b>	<b>2,042,308</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,782,497</b>	<b>\$ 7,522,047</b>	<b>\$ 2,835,957</b>	<b>\$ 1,272,924</b>	<b>\$ 21,413,425</b>	<b>\$ 2,617,736</b>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>					<b>GOVERNMENTAL ACTIVITIES</b>
	<b>MEDICAL CARE FACILITY</b>	<b>100% TAX PAYMENT</b>	<b>HOUSING</b>	<b>OTHER PROPRIETARY FUNDS</b>	<b>TOTAL</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 15,534,249	\$ -	\$ 235,183	\$ 958,412	\$ 16,727,844	\$ -
Cash received from interfund services provided	1,905,374	-	-	11,669	1,917,043	5,340,717
Cash received from grants and subsidies	-	-	145,957	-	145,957	-
Interfund reimbursements	-	(11,832)	-	(8,526)	(20,358)	4,062
Cash payments to suppliers for goods and services	(9,363,861)	(388,280)	(267,410)	(411,632)	(10,431,183)	(330,142)
Cash payments to employees and related taxes and insurance	(8,547,440)	(104,470)	(164,643)	(287,887)	(9,104,440)	(4,076,817)
Other operating revenues	53,340	-	30,809	11,374	95,523	90,394
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(418,338)</b>	<b>(504,582)</b>	<b>(20,104)</b>	<b>273,410</b>	<b>(669,614)</b>	<b>1,028,214</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Taxes received	1,406,788	948,149	-	-	2,354,937	-
Proceeds from interfund advances	-	-	-	(8,500)	(8,500)	-
Claims, settlements, and judgments, long-term	-	-	-	-	-	77,242
Resident trust withdrawals	48	-	-	-	48	-
Contributions	6,915	-	-	-	6,915	-
Transfers (out)	-	(880,783)	-	(91,074)	(971,857)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,413,751</b>	<b>67,366</b>	<b>-</b>	<b>(99,574)</b>	<b>1,381,543</b>	<b>77,242</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(217,744)	-	(34,575)	(152,079)	(404,398)	-
Proceeds from sale of capital assets	1,375	-	430	-	1,805	-
Cash received from capital grants	-	-	34,575	-	34,575	-
Issuance of long-term debt	-	-	-	118,145	118,145	-
Principal paid on long-term debt	-	-	-	(39,382)	(39,382)	-
Interest paid on long-term debt	(3,849)	-	-	-	(3,849)	-
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	<b>(220,218)</b>	<b>-</b>	<b>430</b>	<b>(73,316)</b>	<b>(293,104)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of investments	-	295,210	-	42,961	338,171	200,376
Purchases of investments	(509,081)	-	(5,455)	(89,433)	(603,969)	-
Interest on investments	123,081	253,766	17,192	22,473	416,512	67,655
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(386,000)</b>	<b>548,976</b>	<b>11,737</b>	<b>(23,999)</b>	<b>150,714</b>	<b>268,031</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>389,195</b>	<b>111,760</b>	<b>(7,937)</b>	<b>76,521</b>	<b>569,539</b>	<b>1,373,487</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>53,527</b>	<b>2,435,917</b>	<b>248,756</b>	<b>238,230</b>	<b>2,976,430</b>	<b>1,373,217</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 442,722</b>	<b>\$ 2,547,677</b>	<b>\$ 240,819</b>	<b>\$ 314,751</b>	<b>\$ 3,545,969</b>	<b>\$ 2,746,704</b>

(Continued)

**BAY COUNTY**  
**STATEMENT OF CASH FLOWS (CONCLUDED)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>					<b>GOVERNMENTAL</b>
	<b>MEDICAL CARE FACILITY</b>	<b>100% TAX PAYMENT</b>	<b>HOUSING</b>	<b>OTHER PROPRIETARY FUNDS</b>	<b>TOTAL</b>	<b>INTERNAL SERVICE FUNDS</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (1,192,793)	\$ (118,285)	\$ (142,836)	\$ 200,255	\$ (1,253,659)	\$ 507,773
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	610,491	-	198,623	67,806	876,920	-
Changes in assets and liabilities:						
Accounts receivable	135,156	(401)	(64,560)	1,382	71,577	1,475
Accrued interest receivable		42,956	-	(1,188)	41,768	446
Inventories		-	-	5,140	5,140	-
Due from other funds		(18)	-	3,169	3,151	4,067
Due from component units	-	-	-	-	-	3,383
Due from other governmental units		(421,520)	-	(254)	(421,774)	-
Prepaid items and other current assets	375,667	-	(15,690)	-	359,977	514,620
Accounts payable	(320,177)	151	1,425	(469)	(319,070)	540
Accrued items and other liabilities	(26,682)	(2,208)	2,934	(3,981)	(29,937)	(13,137)
Accrued vacation and sick pay, current	-	1,601	-	1,102	2,703	(178)
Due to other funds	-	(11,814)	-	(26)	(11,840)	(5)
Due to other governmental units	-	4,956	-	(1,061)	3,895	(1,373)
Claims, settlements, and judgments	-	-	-	-	-	10,603
Unearned revenue	-	-	-	1,535	1,535	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (418,338)</u>	<u>\$ (504,582)</u>	<u>\$ (20,104)</u>	<u>\$ 273,410</u>	<u>\$ (669,614)</u>	<u>\$ 1,028,214</u>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2007**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS</b>	<b>AGENCY FUNDS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 54,588	\$ -	\$ 7,364,317
Investments at fair value:			
Common stock	-	193,037,736	-
Corporate bonds	-	22,626,115	-
Governmental securities	-	27,403,094	-
Short-term investment funds	-	11,434,224	-
Convertible bonds	-	20,395,205	-
Other	-	1,084,892	4,299,224
Total Investments	<u>-</u>	<u>275,981,266</u>	<u>4,299,224</u>
Receivables:			
Interest and dividends	-	932,139	-
Accounts	-	1,016,309	4,665
Due from component units	<u>-</u>	<u>42,242</u>	<u>-</u>
 <b>TOTAL ASSETS</b>	 <u>54,588</u>	 <u>277,971,956</u>	 <u>\$11,668,206</u>
 <b>LIABILITIES</b>			
Accounts payable	-	404,996	855
Accrued items and other liabilities	53,957	1,032,578	134,259
Accrued vacation and sick pay	-	3,778	-
Due to component units	-	-	11,102,853
Due to other governmental units	-	220	271,397
Deposits	-	-	135,969
Undistributed taxes	-	-	11,476
Advances	<u>-</u>	<u>-</u>	<u>11,397</u>
 <b>TOTAL LIABILITIES</b>	 <u>53,957</u>	 <u>1,441,572</u>	 <u>\$11,668,206</u>
 <b>NET ASSETS HELD IN TRUST</b>	 <u>\$ 631</u>	 <u>\$ 276,530,384</u>	

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ -	\$ 2,785,469
Plan members	-	1,123,376
	<hr/>	<hr/>
Total contributions	-	3,908,845
	<hr/>	<hr/>
Investment income:		
Net appreciation in fair value of investments	-	13,778,045
Interest and dividends	105	6,287,214
Less investment expense	-	(1,906,901)
	<hr/>	<hr/>
Net investment income	105	18,158,358
	<hr/>	<hr/>
Other revenue	-	170,284
	<hr/>	<hr/>
<b>TOTAL ADDITIONS</b>	105	22,237,487
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Benefits	-	8,723,428
Administrative expenses	-	154,259
Refunds of contributions	-	346,143
Other services	69	-
Capital outlay	-	6,610
	<hr/>	<hr/>
<b>TOTAL DEDUCTIONS</b>	69	9,230,440
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	36	13,007,047
	<hr/>	<hr/>
<b>NET ASSETS HELD IN TRUST FOR PENSION AND HEALTHCARE BENEFITS</b>		
Beginning of year	595	263,523,337
	<hr/>	<hr/>
End of year	\$ 631	\$ 276,530,384
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**BAY COUNTY  
COMPONENT UNITS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	<b>ROAD COMMISSION</b>	<b>ECONOMIC DEVELOPMENT</b>	<b>LIBRARY SYSTEM</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 529,827	\$ 11,487	\$ 4,547,343
Investments	946,871	7,515	-
Receivables	1,941,995	190	5,899,149
Inventories	589,729	-	-
Prepaid items and other current assets	425,935	-	104,015
Capital assets, net:			
Assets not being depreciated	44,508,793	-	107,487
Assets being depreciated	40,032,263	-	2,331,667
<b>TOTAL ASSETS</b>	<b>88,975,413</b>	<b>19,192</b>	<b>12,989,661</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,131,049	-	115,389
Unearned revenue	-	-	5,750,500
Long-term liabilities:			
Due within one year	19,102	-	-
Due in more than one year	807,300	-	121,749
<b>TOTAL LIABILITIES</b>	<b>1,957,451</b>	<b>-</b>	<b>5,987,638</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	84,541,056	-	2,439,154
Restricted for:			
Debt service	-	-	-
System replacement	-	-	-
Unrestricted	2,476,906	19,192	4,562,869
<b>TOTAL NET ASSETS</b>	<b>\$ 87,017,962</b>	<b>\$ 19,192</b>	<b>\$ 7,002,023</b>

The accompanying notes are an integral part of these financial statements.

<b>DEPARTMENT OF WATER AND SEWER</b>	<b>DRAIN COMMISSION</b>	<b>BAY AREA NARCOTICS ENFORCEMENT TEAM</b>	<b>TOTAL</b>
\$ 3,649,422	\$ 3,576,075	\$ 260,866	\$ 12,575,020
-	-	-	954,386
9,432,413	3,342,959	71,071	20,687,777
400,155	-	-	989,884
97,418	-	-	627,368
62,791	559,961	-	45,239,032
17,878,042	1,886,638	28,771	62,157,381
31,520,241	9,365,633	360,708	143,230,848
747,063	314,959	80,817	2,389,277
10,340	-	-	5,760,840
2,622,118	440,321	-	3,081,541
6,895,333	2,388,410	-	10,212,792
10,274,854	3,143,690	80,817	21,444,450
17,940,833	(382,132)	28,771	104,567,682
-	743,227	-	743,227
403,995	-	-	403,995
2,900,559	5,860,848	251,120	16,071,494
\$ 21,245,387	\$ 6,221,943	\$ 279,891	\$ 121,786,398



**BAY COUNTY  
COMPONENT UNITS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
COMPONENT UNIT					
ROAD COMMISSION					
Governmental Activities:					
Highways and streets	\$ 11,207,773	\$ 1,868,910	\$ 7,267,583	\$ 3,060,395	\$ 989,115
LIBRARY SYSTEM					
Governmental Activities:					
Recreation and culture	4,174,129	536,158	90,905	80,145	(3,466,921)
DEPARTMENT OF WATER AND SEWER					
Business Type Activities:					
Water	1,377,400	1,538,692	-	-	161,292
Sewer	3,144,238	2,627,216	-	-	(517,022)
TOTAL DEPARTMENT OF WATER AND SEWER	4,521,638	4,165,908	-	-	(355,730)
DRAIN COMMISSION					
Governmental Activities:					
Public works	279,904	1,530,384	-	456,453	1,706,933
Interest on long-term debt	89,321	-	-	-	(89,321)
TOTAL DRAIN COMMISSION	369,225	1,530,384	-	456,453	1,617,612
BAY AREA NARCOTICS TEAM					
Governmental Activities:					
Public safety	895,806	519,562	468,711	-	92,467
TOTAL COMPONENT UNITS	\$ 21,168,571	\$ 8,620,922	\$ 7,827,199	\$ 3,596,993	\$ (1,123,457)

**BAY COUNTY  
COMPONENT UNITS  
STATEMENT OF ACTIVITIES (CONCLUDED)  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>ROAD COMMISSION</b>	<b>ECONOMIC DEVELOPMENT</b>	<b>LIBRARY SYSTEM</b>	<b>DEPARTMENT OF WATER AND SEWER</b>	<b>DRAIN COMMISSION</b>	<b>BAY AREA NARCOTICS ENFORCEMENT TEAM</b>	<b>TOTAL</b>
<b>CHANGE IN NET ASSETS</b>							
Net (expense) revenue	\$ 989,115	\$ -	\$ (3,466,921)	\$ (355,730)	\$ 1,617,612	\$ 92,467	\$ (1,123,457)
<b>GENERAL REVENUES:</b>							
Property taxes	-	-	2,829,209	-	-	-	2,829,209
Unrestricted investment earnings	32,770	1,004	253,341	133,336	175,240	5,031	600,722
Other revenue	94,800	-	-	185,839	19,198	-	299,837
<b>TOTAL GENERAL REVENUES</b>	127,570	1,004	3,082,550	319,175	194,438	5,031	3,729,768
<b>CHANGE IN NET ASSETS</b>	1,116,685	1,004	(384,371)	(36,555)	1,812,050	97,498	2,606,311
NET ASSETS, BEGINNING OF YEAR	85,901,277	18,188	7,386,394	21,281,942	4,409,893	182,393	119,180,087
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 87,017,962</u>	<u>\$ 19,192</u>	<u>\$ 7,002,023</u>	<u>\$ 21,245,387</u>	<u>\$ 6,221,943</u>	<u>\$ 279,891</u>	<u>\$ 121,786,398</u>

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Bay, Michigan (the “County”) was incorporated in 1857. The County operates under the unified form of government and provides services to its 108,390 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

The accounting policies of the County of Bay conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

#### A. REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County’s reporting entity because they are entities for which the County is considered to financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

##### **Blended Component Units**

*Bay County Building Authority (Building Authority)* – The seven-member authority is appointed by the Bay County Board of Commissioners and its activity is dependent upon Board actions. The purpose of the Building Authority is to finance through tax-exempt bonds the construction of public facilities for use by the County, with the bonds secured by lease agreements with, and serviced through lease payments from, the County. The Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County’s public buildings. The Building Authority’s activity is recorded in various Debt Service and Capital Projects funds.

##### **Discretely Presented Component Units**

*Bay County Road Commission (Road Commission)* - The Road Commission is governed by a Board comprised of three elected county-at-large officials who are not members of the Bay County Board of Commissioners. The County does not have appropriation authority or budgetary control over the activities of the Road Commission; however, the nature and significance of the relationship between the primary government and the Road Commission is such that exclusion would cause the reporting entity’s financial statements to be misleading. The Road Commission is responsible for the construction and maintenance of the County’s system of roads and bridges and is principally funded by

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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state-collected vehicle fuel and registration taxes under Public Act 51. The Road Commission's activities are reported discretely as a governmental fund type. Complete financial statements of the Road Commission can be obtained from its administrative offices at 2600 East Beaver Road, Kawkawlin, Michigan, 48631.

*Bay County Economic Development Corporation (Economic Development Corporation)* - The Economic Development Corporation is governed by a nine-member Board who are recommended by the Bay County Executive and approved by the Bay County Board of Commissioners. The County has appropriation authority and budgetary control over the activities of the Economic Development Corporation. The Economic Development Corporation provides the means and methods of encouragement and assistance to strengthen and revitalize the economy of Bay County by improving the atmosphere for progress and growth through new employment opportunities and an increased tax base. The Economic Development Corporation's activities are reported discretely as a governmental fund type. Separate financial statements for the Economic Development Corporation can be obtained from the County's Finance Department at 515 Center Avenue, Bay City, Michigan, 48708.

*Bay County Library System (Library System)* - The Library System is governed by a Board comprised of five appointees of the Bay County Board of Commissioners who are not County Board members. The County, which is the Library System's taxing authority, also has appropriation authority, but not budgetary control, over its activities. The Library System provides services and materials in a variety of formats to satisfy the educational, personal, and professional interests of the Bay County community, with funds primarily raised through local property taxes. The Library System's activities are reported discretely as a governmental fund type. Separate financial statements for the Library System can be obtained from its administrative offices at 500 Center Avenue, Bay City, Michigan, 48708.

*Bay County Department of Water and Sewer (Department of Water and Sewer)* - The Department of Water and Sewer is governed by a Board consisting of three elected county-at-large officials who are not members of the Bay County Board of Commissioners. The County does not have appropriation authority or budgetary control over the activities of the Department of Water and Sewer; however, the nature and significance of the relationship between the primary government and the Department of Water and Sewer is such that exclusion would cause the reporting entity's financial statements to be misleading. Periodically, the Department of Water and Sewer requests and receives a pledge of the full faith and credit of Bay County as secondary security on bond issues. The Department of Water and Sewer provides a healthful and continuous water supply service and an environmentally sound, convenient, and continuous wastewater disposal service to Bay County communities. The Department of Water and Sewer debt service and capital project activities are reported discretely. Complete

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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financial statements of the Department of Water and Sewer can be obtained from its administrative offices at 3933 Patterson Road, Bay City, Michigan, 48706.

*Bay County Drain Commission (Drain Commission)* - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The County employs all full-time employees and the elected officials of the Drain Commission. The Drain Commission deposits its receipts with the County Treasurer. The nature and significance of the relationship between the primary government and the Drain Commission is such that exclusion would cause the reporting entity's financial statements to be misleading. Separate financial statements for the Drain Commission can be obtained from the County's Finance Department at 515 Center Avenue, Bay City, Michigan, 48708.

*Bay Area Narcotics Enforcement Team (BAYANET)* – BAYANET is an instrument of six counties and the State Police formed to organize a multi-jurisdictional/multi-tiered investigative task force designed to singularly combat the proliferation of narcotic trafficking in the eastern Mid-Michigan area. It has not been officially formed as a governmental unit with the State of Michigan. As per the agreement executed on February 28, 2001, between the County and BAYANET, the County became the budgetary authority over BAYANET and the custodian of all BAYANET's funds. As of July 1, 2001, the County Treasurer became responsible for maintaining all of BAYANET's cash and investments. Monthly, the County Board of Commissioners approves BAYANET's accounts payable and payroll. All detail accounting, accounts payable and payroll processing functions are performed by BAYANET staff. Complete financial statements of BAYANET can be obtained from its administrative offices at P.O. Box 676, Freeland, Michigan 48623.

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government, and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the principal operating fund of Bay County. It is used to account for all revenues, expenditures, and activities not specifically accounted for in another fund.

The *Mosquito Control Fund* accounts for revenues received from property taxes and State grants for controlling mosquitoes.

The *Budget Stabilization Fund* accounts for funds advanced from the General Fund until additional funds are needed by the County to cover a General Fund deficit, to prevent a reduction in the level of public services or number of employees, or to cover expenses arising because of a natural disaster.

The *911 Service Fund* accounts for revenues received from property taxes and grants to provide countywide central dispatching services for police, fire, and other emergency situations.

The *Division on Aging Fund* accounts for revenues received from property taxes, Federal and State grants, and contributions to provide services and programs for County residents 60 years of age and older.

The *Revenue Sharing Reserve Fund* accounts for tax millage funds as required by Public Act 357 of 2004.

The government reports the following major proprietary funds:

The *Medical Care Facility Fund* was established to account for the operations of the facility, which is a licensed skilled nursing home that provides long-term, highly skilled care to the residents of Bay County. Revenues are primarily received from patients, third-party payors, and property taxes.

The *100% Tax Payment Fund* is used to account for advances by the County to other local operating units and County funds for delinquent property taxes. Advances are repaid from collections of delinquent taxes, including interest and collection fees.



# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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The *Housing Fund* accounts for the operations of the Hampton Township Housing Project, which provides low-income housing to eligible County residents.

Additionally, the County reports the following fund types:

*Internal Service Funds* provide insurance coverage for workers' compensation, sickness and accident, unemployment compensation, and health insurance to other departments or agencies of the government on a cost reimbursement basis.

The *Private Purpose Trust Funds* account for trust arrangements for the Probate Court and Inmate Trust funds, which accumulate resources held in trust for those specific purposes.

The *Pension and Other Employee Benefit Trust Funds* account for the activities of the Employees' Retirement System and Public Employee Healthcare Fund, which accumulate resources for pension and health benefit payments for qualified employees.

*Agency Funds* are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Medical Care Facility, the 100% Tax Payment, and Housing enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

### **D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

#### **1. DEPOSITS AND INVESTMENTS**

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

#### **2. RECEIVABLES AND PAYABLES**

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### 3. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost using either the first-in, first-out or specific identification method. The costs of inventories are recorded as assets when purchased and charged to expenditures when used, which is the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	5-50 years
Equipment	3-20 years
Vehicles and accessories	3-7 years
Office furniture and fixtures	3-20 years
Depletable assets	5-100 years
Land improvements (infrastructure)	10-50 years

In the Drain Commission component unit, infrastructure includes only those infrastructure assets acquired subsequent to January 1, 2003. In the Road Commission component unit, infrastructure is reported retrospectively from 1980, except for right-of-ways, bridges, and traffic signals, which are required to be reported despite the date of purchase. Roads are removed from the capital assets at the time the group of individually recorded roads have fully been depreciated.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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Depreciation is recorded on the capital assets of the Road Commission Component Unit over the estimated useful lives (ranging from five to fifty years) of the assets, using the sum-of-years digits method for road equipment as prescribed by the Uniform Accounting Procedures for Michigan County Road Commissions, which does not vary significantly from the straight-line basis, and straight-line method for all other capital assets.

### **5. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **6. FUND EQUITY**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

### **7. INTERFUND TRANSACTIONS**

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Subsidies are also recorded as transfers.

Internal Service Funds are used and record charges for services to all County departments and funds as operating revenue. All affected County funds record these payments to the Internal Service Funds as operating expenditures or expenses.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### 8. COMPENSATED ABSENCES

Bay County, including its component units, except for the Road Commission and Department of Water and Sewer, has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 90 days, except for the Medical Care Facility, which has no limit for accumulating unused sick days. The Road Patrol and Correctional Facility Officers employees may accumulate unused sick days up to a maximum of 120 days. Probate Court employees may accumulate a maximum of 30 unused sick days. Employees may either use these sick days when ill or receive payment for 50 percent of the unused portion at time of retirement, subject to certain limitations. Most employees are also allowed to accumulate unused vacation days, subject to certain limitations. All employees can accumulate and carryforward a maximum of 30 days; hours accumulated in excess of 30 days must be used by December 31.

Employees of the Road Commission, a component unit, are granted vacation and sick leave in varying amounts, based on the Road Commission's administrative policy and contract with union employees. Vacation time is credited annually to each employee but cannot be accumulated for more than one year without Board approval, with the exception that all employees can carry over five days without Board approval. Administrative employees and union employees are limited to 1,200 hours of sick leave accumulation. At this point, the employees are allowed to accumulate 96 hours of sick leave reserve, the unused portion of which is paid by the Road Commission at the beginning of the following year. Upon retirement, permanent disability or leaving the employment of the Road Commission, all union employees are paid 85% of their accumulated sick leave. Administrative employees are paid 85% of their accumulated sick leave upon leaving the employment of the Road Commission.

The Department of Water and Sewer, a component unit, has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 120 days. Union employees may either use these sick days when ill or receive payment for 70% of the unused portion at time of retirement. All other employees receive 85% of the unused portion at time employment is terminated. Employees are also allowed to accumulate unused vacation days. Employees can accumulate a maximum of 30 days to carry over at the end of the year.

#### *Compensated Absence Liability Recognition*

Accumulated sick and vacation is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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The long term portion of unpaid sick and vacation pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

### **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. BUDGETS AND BUDGETARY ACCOUNTING**

Governmental funds are under formal budgetary control. For 2007, no budget was adopted for the Budget Stabilization fund, a Special Revenue fund, as no activity occurred during the year. Capital Projects funds are budgeted by project. Budget and actual comparisons for the Budget Stabilization fund, a Special Revenue fund, and Capital Projects funds are not reported in the financial statements, because annual budgets are not prepared. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Ninety days prior to the beginning of the fiscal year, in accordance with the provisions of Public Act 139 of 1963 as amended by Public Act 100 of 1980 and in conformance with Act 2, Public Act 1968 as amended by Act 621 of 1978, the County Executive submits a proposed operating budget to the Ways and Means Committee, which recommends formal adoption by the Bay County Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain comments.
3. Prior to January 1, the budget is legally enacted by a budget adopting resolution.

Budgets shown in the financial statements were prepared on the same modified accrual basis that is used to reflect actual results. The Board of Commissioners has legal control over expenditures on an object class (categorical) basis, with the exception of the Circuit, District, and Probate courts, whose legal level of control over expenditures is on a total basis (lump sum) encompassing all of their operations. Expenditures are limited to appropriations for each object class (category) of budget data presented. The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department/division heads are authorized to amend budgets under their control, subject to provisions of the General Appropriation Budget Act Resolution. Such adjustments and amendments have been reflected in the budgeted amounts shown in the financial statements. There were no supplemental appropriations that were deemed material. All appropriations lapse at year-end. Encumbrances that have lapsed are reappropriated. Budgetary expenditures represented by the encumbrances are

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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reflected in the budget in the year that the expenditures are shown in the financial statements. The County has prepared and issued separate from the CAFR a report on budget amounts compared to actual at the legal level of budgetary control (by activity, by object class (category), by fund).

### **B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS**

The County has prepared and issued separate from the CAFR a report on budget amounts, which includes a schedule reflecting the amount of any excess of expenditures over appropriations at the legal level of control. The following individual funds incurred expenditures in excess of appropriations, presented at a summary level for the County's major governmental funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess Expenditure</u>
General Fund:			
Public works	\$ 6,050	\$ 6,803	\$ (753)
Special Revenue Funds:			
911 Service:			
Interest and other fees	927	1,050	(123)

The above items represent violations of the County's budgeting policies. Revenues were sufficient to cover all expenditures.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

A reconciliation of cash, pooled investments and investments as shown in the basic financial statement for the County's deposits and investments is as follows:

	<b><u>Carrying Amount</u></b>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 16,491,052
Investments	13,343,580
Component Units:	
Cash and cash equivalents	12,575,020
Investments	954,386
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	7,418,905
Investments	<u>280,280,490</u>
Total	<u>\$ 331,063,433</u>
Notes to Financial Statements:	
Bank deposits (checking accounts, savings and money market accounts and certificates of deposit)	\$ 27,874,048
Investments:	
U.S. treasury notes	3,835,294
U.S. agencies	
On securities loan	4,696,434
Not on securities loan	35,871,366
Commercial paper	10,169,481
Corporate bonds	
On securities loan	14,335,794
Not on securities loan	8,290,321
Common stock	
On securities loan	27,028,689
Not on securities loan	166,009,047
Agency obligations	475,275
Asset backed securities	79,996
Convertible bonds	18,527,515
Other short-term investments	13,831,535
Cash on hand	<u>38,638</u>
Total	<u>\$ 331,063,433</u>



# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

The County has adopted an official investment policy which is in accordance with investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, Act 196 PA 1997 (the Act). The Act generally allows the County to deposit funds in banks, savings and loan associations, and credit unions in the State of Michigan. The Act also provides for investment in U.S. government obligations; certificates of deposit of banks, savings and loans, and credit unions; commercial paper; repurchase agreements; bankers' acceptances; and, with some restrictions, mutual funds. Pension Trust funds are also allowed to invest in corporate stocks and bonds. Pension Trust fund investments are subject to a number of restrictions as to type, quality and concentration of investments. All investments are reported at fair value.

	<u>Investment Maturities (In Years)</u>					<u>Credit Rating Range</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	<u>Standard &amp; Poors</u>	<u>Moody's Investor's Services</u>
Agency obligations	\$ 475,272	\$ -	\$ -	\$ 475,272	\$ -	AAA	Aaa to AAA
Asset backed securities	79,996	-	79,996	-	-	AAA	Aaa to AAA
U.S. treasury notes	3,835,294	-	-	142,563	3,692,731	n/a	n/a
U.S. agencies	40,567,800	1,977,355	8,599,154	13,463,700	16,527,591	AAA	Aaa to AAA
Commercial paper	10,169,481	10,169,481	-	-	-	n/a	n/a to A1+
Convertible bonds	18,527,515	594,575	3,033,927	3,183,831	11,715,182	B to AAA	Aa1 to B1
Corporate bonds	<u>22,626,115</u>	<u>2,894,507</u>	<u>4,559,780</u>	<u>9,030,543</u>	<u>6,141,285</u>	B- to AAA	Caa1 to Aaa
	<u>\$ 96,281,473</u>	<u>\$ 15,635,918</u>	<u>\$ 16,272,857</u>	<u>\$ 26,295,909</u>	<u>\$ 38,076,789</u>		

\*\*The County's investments in U.S. agencies include call options with a market value of \$17,000,000. The amounts listed as convertible bonds also include nonrated investments held by the pension fund. The amounts that are not rated are not broken out because such information could not be obtained from the pension fund investment managers.

### Investment and deposit risk

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments. The County's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year end.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The County's investment policy does not have specific limits on investment credit risk. The ratings for each investment are identified above for investments held at year end.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end \$22,949,093 of the County's bank balance of \$24,724,072 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. However, the County's investment policy states that no more than sixty percent of the County investment portfolio will be invested with a single financial institution. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified above. The County's investment policy states that with the exception of U.S. Treasury securities and authorized pools, no more than sixty percent of the County investment portfolio should be invested in a single security type. No single investment represents more than five percent of the County's investments. However, amounts invested in common stock mutual funds in the Public Employee Healthcare fund represent 7.3% of the County's investments at December 31, 2007. All investments held at year end are reported above.

### ***Investments and Securities Lending***

A contract approved by the Bay County Board of Commissioners permits the Bay County Employees' Retirement System (the System) to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or cash as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and cash are initially pledged at 102 percent of the fair value of United States securities lent and 105 percent of the fair value of non-United States securities, and may not fall below 100 percent during the term of the loan.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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There are no restrictions on the amount of the securities that can be loaned. Securities on loan at year-end are classified in the previous schedule of investments according to the category for the collateral received on the securities lent. At year-end the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

### B. RECEIVABLES

Receivables in the primary government and component units are as follows:

	Governmental Activities	Business-type Activities	Component Units
Taxes/special assessments			
Due within one year	\$ 7,203,817	\$ 4,071,396	\$ 6,385,732
Due after one year	-	-	2,467,097
Accounts	876,971	1,755,640	483,314
Notes			
Due within one year	58,564	-	2,570,000
Due after one year	1,522,054	-	6,600,000
Interest	209,325	390,819	165,579
Intergovernmental	2,390,055	446,150	2,271,091
Less: allowance for uncollectible accounts	<u>(520,220)</u>	<u>(280,000)</u>	<u>(255,036)</u>
Total	<u>\$ 11,740,566</u>	<u>\$ 6,384,005</u>	<u>\$ 20,687,777</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General Fund)	\$ 772,229	\$ -
Property taxes receivable (Mosquito Control Fund)	3,638	1,316,392
Property taxes receivable (911 Service Fund)	5,677	2,057,868
Property taxes receivable (Division on Aging Fund)	4,073	1,469,860
Property taxes receivable (Nonmajor Governmental fund types)	1,218	568,687
Grant drawdowns prior to meeting all eligibility requirements	-	458,033
Total	<u>\$ 786,835</u>	<u>\$ 5,870,840</u>

### C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2007 was as follows:

#### Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 2,144,448	\$ -	\$ -	\$2,144,448
Construction in progress	-	277,242	-	277,242
Total capital assets not being depreciated	<u>2,144,448</u>	<u>277,242</u>	<u>-</u>	<u>2,421,690</u>
Capital assets being depreciated:				
Land improvements	3,158,713	-	-	3,158,713
Buildings and improvements	63,726,475	83,912	-	63,810,387
Machinery and equipment	1,689,944	181,965	(105,861)	1,766,048
Office furniture and equipment	2,999,235	220,396	(117,512)	3,102,119
Vehicles	<u>1,561,153</u>	<u>235,619</u>	<u>(110,755)</u>	<u>1,686,017</u>
Total capital assets being depreciated	<u>73,135,520</u>	<u>721,892</u>	<u>(334,128)</u>	<u>73,523,284</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Less accumulated depreciation				
Land improvements	\$(1,733,912)	\$ (194,426)	\$ -	\$(1,928,338)
Buildings and improvements	(14,990,363)	(1,395,401)	-	(16,385,764)
Machinery and equipment	(1,109,067)	(96,156)	93,817	(1,111,406)
Office furniture and equipment	(2,087,526)	(176,634)	80,143	(2,184,017)
Vehicles	<u>(1,117,052)</u>	<u>(114,274)</u>	<u>91,482</u>	<u>(1,139,844)</u>
Total accumulated depreciation	<u>(21,037,920)</u>	<u>(1,976,891)</u>	<u>265,442</u>	<u>(22,749,369)</u>
Total capital assets being depreciated, net	<u>52,097,600</u>	<u>(1,254,999)</u>	<u>(68,686)</u>	<u>50,773,915</u>
<b>Governmental activities capital assets, net</b>	<u>\$54,242,048</u>	<u>\$ (977,757)</u>	<u>\$ (68,686)</u>	<u>\$53,195,605</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 257,604	\$ -	\$ -	\$ 257,604
Construction in progress	<u>-</u>	<u>104,555</u>	<u>(44,948)</u>	<u>59,607</u>
Total capital assets not being depreciated	<u>257,604</u>	<u>104,555</u>	<u>(44,948)</u>	<u>317,211</u>
Capital assets being depreciated:				
Land improvements	1,116,950	-	(23,000)	1,093,950
Buildings and improvements	16,000,296	91,953	-	16,092,249
Machinery and equipment	1,149,528	33,934	(31,639)	1,151,823
Office furniture and fixtures	2,676,567	100,759	(401,032)	2,376,294
Vehicles	<u>68,460</u>	<u>118,145</u>	<u>-</u>	<u>186,605</u>
Total capital assets being depreciated	<u>21,011,801</u>	<u>344,791</u>	<u>(455,671)</u>	<u>20,900,921</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Disposals</u>	<u>Balance</u>
Less accumulated depreciation				
Land improvements	\$ (664,788)	\$ (40,466)	\$ 23,000	\$ (682,254)
Buildings and improvements	(7,229,487)	(681,722)	296,626	(7,614,583)
Machinery and equipment	(935,964)	(59,681)	31,639	(964,006)
Office furniture and fixtures	(2,111,543)	(83,099)	299	(2,194,343)
Vehicles	<u>(68,460)</u>	<u>(11,952)</u>	<u>-</u>	<u>(80,412)</u>
Total accumulated depreciation	<u>(11,010,242)</u>	<u>(876,920)</u>	<u>351,564</u>	<u>(11,535,598)</u>
Total capital assets being depreciated, net	<u>10,001,559</u>	<u>(532,129)</u>	<u>(104,107)</u>	<u>9,365,323</u>
<b>Business-type activities capital assets, net</b>	<u>\$10,259,163</u>	<u>\$ (427,574)</u>	<u>\$ (149,055)</u>	<u>\$ 9,682,534</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Judicial	\$ 27,317
General government	1,366,958
Public safety	231,516
Health and welfare	203,035
Recreation and culture	<u>148,065</u>

**Total depreciation expense – governmental activities** **\$ 1,976,891**

**Business-type activities:**

Medical Care Facility	\$ 610,491
Housing	198,623
Golf Course	57,964
Delinquent Property Tax Foreclosure	<u>9,842</u>

**Total depreciation expense – business-type activities** **\$ 876,920**

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Discretely presented component units

Activity for the Road Commission for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 496,086	\$ 5,895	\$ -	\$ 501,981
Land improvements	42,556,937	1,100,214	-	43,657,151
Right of ways	<u>349,661</u>	<u>-</u>	<u>-</u>	<u>349,661</u>
Total capital assets not being depreciated	<u>43,402,684</u>	<u>1,106,109</u>	<u>-</u>	<u>44,508,793</u>
Capital assets being depreciated:				
Buildings and improvements	2,595,368	17,487	-	2,612,855
Road equipment	9,843,271	233,751	(99,376)	9,977,646
Shop equipment	144,074	9,751	-	153,825
Office equipment	181,765	2,105	-	183,870
Engineering equipment	139,283	5,532	-	144,815
Yard and storage	1,330,389	8,421	-	1,338,810
Infrastructure:				
Roads	46,733,543	1,650,320	(1,958,364)	46,425,499
Bridges	18,525,874	26,919	-	18,552,792
Traffic signals	294,083	-	-	294,083
Depletable assets:				
Gravel pits	<u>53,037</u>	<u>-</u>	<u>-</u>	<u>53,037</u>
Total capital assets being depreciated	<u>79,840,687</u>	<u>1,954,286</u>	<u>(2,057,740)</u>	<u>79,737,233</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Less accumulated depreciation				
Buildings and improvements	\$(1,521,263)	\$ (66,111)	\$ -	\$(1,587,374)
Road equipment	(8,429,106)	(796,193)	98,343	(9,126,956)
Shop equipment	(133,719)	(11,073)	-	(144,792)
Office equipment	(132,614)	(8,165)	-	(140,779)
Engineering equipment	(82,905)	(7,853)	-	(90,758)
Yard and storage	(728,032)	(56,604)	-	(784,636)
Infrastructure:				
Roads	(19,750,520)	(2,504,940)	1,958,364	(20,297,096)
Bridges	(6,913,733)	(347,822)	-	(7,261,555)
Traffic signals	(251,049)	(5,652)	-	(256,701)
Depletable assets:				
Gravel pits	<u>(14,267)</u>	<u>(56)</u>	<u>-</u>	<u>(14,323)</u>
Total accumulated depreciation	<u>(37,957,208)</u>	<u>(3,804,469)</u>	<u>2,056,707</u>	<u>(39,704,970)</u>
Total capital assets being depreciated, net	<u>41,883,479</u>	<u>(1,850,183)</u>	<u>(1,033)</u>	<u>40,032,263</u>
<b>Road Commission capital assets, net</b>	<u><u>\$85,286,163</u></u>	<u><u>\$ (744,074)</u></u>	<u><u>\$ (1,033)</u></u>	<u><u>\$ 84,541,056</u></u>



# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

Activity for the Library System for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 119,487	\$ -	\$ (12,000)	\$ 107,487
Capital assets being depreciated:				
Land improvements	179,722	-	(93,773)	85,949
Buildings and improvements	1,336,767	10,880	(232,183)	1,115,464
Machinery and equipment	121,040	-	-	121,040
Office furniture & fixtures	1,201,114	70,000	(41,967)	1,229,147
Books and a/v materials	3,419,682	112,937	(1,411,509)	2,121,110
Vehicles and other	<u>182,770</u>	<u>-</u>	<u>-</u>	<u>182,770</u>
Total capital assets being depreciated	<u>6,441,095</u>	<u>193,817</u>	<u>(1,779,432)</u>	<u>4,855,480</u>
Less accumulated depreciation				
Land improvements	(130,180)	(6,619)	93,773	(43,026)
Buildings and improvements	(786,881)	(108,960)	232,183	(663,658)
Machinery and equipment	(50,071)	(9,375)	-	(59,446)
Office furniture & fixtures	(459,919)	(60,981)	41,967	(478,933)
Books and a/v materials	(2,118,386)	(401,809)	1,411,509	(1,108,686)
Vehicles and other	<u>(166,188)</u>	<u>(3,876)</u>	<u>-</u>	<u>(170,064)</u>
Total accumulated depreciation	<u>(3,711,625)</u>	<u>(591,620)</u>	<u>1,779,432</u>	<u>(2,523,813)</u>
Total capital assets being depreciated, net	<u>2,729,470</u>	<u>(397,803)</u>	<u>-</u>	<u>2,331,667</u>
<b>Library System capital assets, net</b>	<u>\$ 2,848,957</u>	<u>\$ (397,803)</u>	<u>\$ (12,000)</u>	<u>\$ 2,439,154</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

Activity for the Department of Water & Sewer for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 62,791	\$ -	\$ -	\$ 62,791
Construction in progress	<u>5,300</u>	<u>-</u>	<u>(5,300)</u>	<u>-</u>
Total capital assets not being depreciated	<u>68,091</u>	<u>-</u>	<u>(5,300)</u>	<u>62,791</u>
Capital assets being depreciated:				
Buildings	13,267,513	22,206	-	13,289,719
Improvements other than buildings	76,474	-	-	76,474
Machinery and equipment	8,759,600	29,341	(21,724)	8,767,217
Water system	3,843,526	302,636	-	4,146,162
Sewer system	<u>17,169,768</u>	<u>-</u>	<u>-</u>	<u>17,169,768</u>
Total capital assets being depreciated	<u>43,116,881</u>	<u>354,183</u>	<u>(21,724)</u>	<u>43,449,340</u>
Less accumulated depreciation				
Buildings	(6,658,045)	(278,890)	-	(6,936,935)
Improvements other than buildings	(72,347)	(589)	-	(72,936)
Machinery and equipment	(7,874,681)	(204,547)	21,724	(8,057,504)
Water system	(1,489,563)	(90,517)	-	(1,580,080)
Sewer system	<u>(8,580,448)</u>	<u>(343,395)</u>	<u>-</u>	<u>(8,923,843)</u>
Total accumulated depreciation	<u>(24,675,084)</u>	<u>(917,938)</u>	<u>21,724</u>	<u>(25,571,298)</u>
Total capital assets being depreciated, net	<u>18,441,797</u>	<u>(563,755)</u>	<u>-</u>	<u>17,878,042</u>
<b>Department of Water &amp; Sewer capital assets, net</b>	<u>\$18,509,888</u>	<u>\$ (563,755)</u>	<u>\$ (5,300)</u>	<u>\$ 17,940,833</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

Activity for the Drain Commission for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 234,288	\$ -	\$ 234,288
Land	<u>355,673</u>	<u>-</u>	<u>(30,000)</u>	<u>325,673</u>
Total capital assets not being depreciated	<u>355,673</u>	<u>234,288</u>	<u>(30,000)</u>	<u>559,961</u>
Capital assets being depreciated:				
Land improvements (infrastructure)	1,524,477	219,669	-	1,744,146
Buildings	171,681	-	-	171,681
Machinery and equipment	345,826	30,345	(462)	375,709
Office furniture and equipment	44,843	-	(1,762)	43,081
Vehicles	<u>104,908</u>	<u>9,515</u>	<u>-</u>	<u>114,423</u>
Total capital assets being depreciated	<u>2,191,735</u>	<u>259,529</u>	<u>(2,224)</u>	<u>2,449,040</u>
Less accumulated depreciation				
Land improvements (infrastructure)	(67,544)	(31,480)	-	(99,024)
Buildings	(153,680)	(5,728)	-	(159,408)
Machinery and equipment	(187,802)	(11,947)	462	(199,287)
Office furniture and equipment	(44,843)	-	1762	(43,081)
Vehicles	<u>(49,894)</u>	<u>(11,708)</u>	<u>-</u>	<u>(61,602)</u>
Total accumulated depreciation	<u>(503,763)</u>	<u>(60,863)</u>	<u>2,224</u>	<u>(562,402)</u>
Total capital assets being depreciated, net	<u>1,687,972</u>	<u>198,666</u>	<u>-</u>	<u>1,886,638</u>
<b>Drain commission capital assets, net</b>	<u>\$ 2,043,645</u>	<u>\$ 432,954</u>	<u>\$ (30,000)</u>	<u>\$ 2,446,599</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Activity for the Bay Area Narcotics Enforcement Team for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Equipment	\$ 68,764	\$ 9,920	\$ -	\$ 78,684
Less accumulated depreciation				
Equipment	<u>(40,132)</u>	<u>(9,781)</u>	<u>-</u>	<u>(49,913)</u>
<b>Bay Area Narcotics Enforcement Team capital assets, net</b>	<u>\$ 28,632</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ 28,771</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

### D. PAYABLES

Accounts payable and accrued liabilities in the primary government are as follows:

	Governmental Activities	Business-type Activities
Accounts	\$ 927,247	\$ 429,332
Wages, fringe benefits and other accrued liabilities	894,859	462,182
Deposits	10,344	21,671
Intergovernmental	161,000	30,017
<b>Total</b>	<b>\$ 1,993,450</b>	<b>\$ 943,202</b>

### E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to:	Due from:					Total
	General	Revenue Sharing Reserve	100% Tax	Nonmajor Enterprise	Internal Service	
General	\$ -	\$ 261,225	\$ -	\$ 22,441	\$ 15,885	\$ 299,551
Mosquito Control	-	-	-	-	228	228
911 Service	-	-	-	-	1,201	1,201
Division on Aging	-	-	-	-	956	956
Nonmajor						
Governmental	14,544	-	-	-	2,375	16,919
Medical Care Facility	83,626	-	-	-	-	83,626
100% Tax	560	-	-	19,235	81	19,876
Housing	-	-	18	-	-	18
Nonmajor Enterprise	-	-	-	-	189	189
Internal Service	-	-	-	-	8	8
<b>Total</b>	<b>\$ 98,730</b>	<b>\$ 261,225</b>	<b>\$ 18</b>	<b>\$ 41,676</b>	<b>\$ 20,923</b>	<b>\$ 422,572</b>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The total governmental activities interfund balances exceed the total business-type activities interfund balances by \$192. This imbalance is caused by the timing effect of the interfund transactions in the Medical Care Facility and the Housing Fund, which maintain accounting records separate from those of the general County operations.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Advances to/from other funds:

General	\$ 2,299,590	\$ 22,792
Budget Stabilization fund	-	1,799,590
Nonmajor governmental funds	-	500,000
Nonmajor enterprise funds	<u>22,792</u>	<u>-</u>
Total	<u>\$ 2,322,382</u>	<u>\$ 2,322,382</u>

Advances between the General Fund and nonmajor governmental funds exist to maintain adequate reserves in the Health Department/District Health and Budget Stabilization funds. Advances between the nonmajor enterprise funds and the General Fund were made to provide the General Fund with the necessary cash flow to make various improvements to the Veterans' Memorial Park softball diamonds in 1999.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

		Transfer from:							
Transfer to:	General	Mosquito Control	911 Service	Division on Aging	Revenue Sharing Reserve	Nonmajor Governmental	100% Tax	Nonmajor Enterprise	Total
General	\$ -	\$ 101,692	\$ 33,910	\$342,804	\$1,926,006	\$ 265,092	\$880,783	\$ 91,074	\$ 3,641,361
Division on Aging	6,200	-	-	-	-	-	-	-	6,200
Nonmajor Governmental	<u>4,027,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,027,317</u>
<b>Total</b>	<b><u>\$4,033,517</u></b>	<b><u>\$ 101,692</u></b>	<b><u>\$33,910</u></b>	<b><u>\$342,804</u></b>	<b><u>\$1,926,006</u></b>	<b><u>\$ 265,092</u></b>	<b><u>\$880,783</u></b>	<b><u>\$ 91,074</u></b>	<b><u>\$ 7,674,878</u></b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund and state revenue sharing special revenue fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, the Revenue Sharing Reserve Fund has transferred the allowable spending amount specified by the State for the State revenue sharing fund in compliance with Public Act 357 of 2004.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

### F. LONG-TERM DEBT

#### Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Primary Government					
Governmental activities:					
Building Authority –					
General obligation bonds	\$26,815,000	\$ -	\$ (2,120,000)	\$24,695,000	\$ 2,225,000
Installment purchase					
contracts payable	82,390	-	(82,390)	-	-
Leases payable	14,401	-	(14,401)	-	-
Long-term advances from					
State	29,000	-	-	29,000	-
Internal service funds –					
Claims	578,261	87,845	-	666,106	553,984
Compensated absences	<u>1,857,862</u>	<u>2,163,754</u>	<u>(1,978,823)</u>	<u>2,042,793</u>	<u>91,395</u>
	<u>\$29,376,914</u>	<u>\$ 2,251,599</u>	<u>\$ (4,195,614)</u>	<u>\$27,432,899</u>	<u>\$ 2,870,379</u>
Business-type activities					
Claims	\$ 646,526	\$ -	\$ (155,006)	\$ 491,520	\$ 491,520
Notes payable	-	118,145	(39,382)	78,763	39,381
Compensated absences	<u>420,026</u>	<u>-</u>	<u>(23,976)</u>	<u>396,050</u>	<u>358,177</u>
	<u>\$ 1,066,552</u>	<u>\$ 118,145</u>	<u>\$ (218,364)</u>	<u>\$ 966,333</u>	<u>\$ 889,078</u>
Component Units					
Road Commission:					
Claims	\$ 254,249	\$ -	\$ (254,249)	\$ -	\$ -
Compensated absences	<u>753,700</u>	<u>72,702</u>	<u>-</u>	<u>826,402</u>	<u>19,102</u>
	<u>\$ 1,007,949</u>	<u>\$ 72,702</u>	<u>\$ (254,249)</u>	<u>\$ 826,402</u>	<u>\$ 19,102</u>
Library System:					
Compensated absences	<u>\$ 124,225</u>	<u>\$ -</u>	<u>\$ (2,476)</u>	<u>\$ 121,749</u>	<u>\$ -</u>
Department of Water & Sewer					
General obligation bonds	\$11,815,000	\$ -	\$ (2,645,000)	\$ 9,170,000	\$ 2,570,000
Compensated absences	<u>388,616</u>	<u>-</u>	<u>(41,165)</u>	<u>347,451</u>	<u>52,118</u>
	<u>\$12,203,616</u>	<u>\$ -</u>	<u>\$ (2,686,165)</u>	<u>\$ 9,517,451</u>	<u>\$ 2,622,118</u>
Drain Commission					
General obligation bonds	\$ 1,863,091	\$ -	\$ (248,000)	\$ 1,615,091	\$ 313,870
Notes payable	<u>509,226</u>	<u>822,587</u>	<u>(118,173)</u>	<u>1,213,640</u>	<u>126,451</u>
	<u>\$ 2,372,317</u>	<u>\$ 822,587</u>	<u>\$ (366,173)</u>	<u>\$ 2,828,731</u>	<u>\$ 440,321</u>



# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year end, \$945 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

### Primary Government

The County issues general obligation bonds, installment purchase contracts, and capital leases to provide funds for the acquisition, renovation, and / or construction of major capital facilities and purchase of major equipment. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds, installment purchase contracts, and capital leases issued in prior years was \$33,730,639. During the year ended December 31, 2007, notes payable in the amount of \$118,145 were issued.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 20-year serial bonds with varying amounts of principal maturing each year. Installment purchase contracts are generally issued as 5 year contracts payable with varying amounts of principal maturing each year. General obligation bonds, installment purchase contracts, and capital leases payable currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5–8.0%	<u>\$ 24,695,000</u>

Annual debt service requirements to maturity for general obligation bonds and installment purchase contracts are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,225,000	\$ 1,082,092
2009	2,330,000	999,503
2010	2,310,000	911,369
2011	2,180,000	810,766
2012	1,790,000	711,748
2013-2017	9,400,000	2,207,861
2018-2020	<u>4,460,000</u>	<u>338,725</u>
Total	<u>\$24,695,000</u>	<u>\$ 7,062,064</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Annual debt service requirements to maturity for notes payable are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 39,381	\$ -
2009	<u>39,382</u>	<u>-</u>
	<u>\$ 78,763</u>	<u>\$ -</u>

### Component Units

*Department of Water & Sewer.* General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Water & Sewer. General obligation and revenue bonds have been issued for business-type activities.

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	2.0 – 7.3%	<u>\$ 9,170,000</u>

Annual debt service requirements to maturity for Department of Water and Sewer bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,570,000	\$ 318,530
2009	970,000	240,515
2010	935,000	208,350
2011	950,000	177,476
2012	870,000	146,065
2013-2017	2,285,000	404,334
2018-2021	<u>590,000</u>	<u>33,113</u>
Total	<u>\$ 9,170,000</u>	<u>\$ 1,528,383</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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*Drain Commission.* General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds and notes have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$5,932,960. During the year general obligation bonds and notes payable totaling \$822,587 were issued.

These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 5 to 20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.25 –8.0%	<u>\$ 2,828,731</u>

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 440,321	\$ 89,626
2009	471,660	120,855
2010	496,747	81,835
2011	390,800	59,497
2012	367,410	41,226
2013-2017	649,793	53,595
2018	<u>12,000</u>	<u>551</u>
Total	<u>\$ 2,828,731</u>	<u>\$ 447,185</u>

### **Advance refundings**

On February 18, 2004, the Bay County Building Authority issued general obligation bonds of \$2,035,000. Proceeds from this bond issue were used to advance refund two separately issued general obligation bonds, one issued in 1994 for jail renovations and one issued in 1995 for adult foster care homes. The refunded bonds mature as scheduled on November 1 through 2011. The balance of the defeased debt outstanding at December 31, 2007, was \$925,000.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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On May 10, 2006, the Bay County Building Authority issued general obligation bonds of \$7,205,000. A portion of the proceeds from this bond issue were used in a current refunding of the 1997 ice/civic arena bonds. The remaining proceeds from this bond issue were used to advance refund the 1995 and 1997 courthouse facility bonds and the remainder of the 1997 ice/civic arena bonds. The courthouse facility refunded bonds mature as scheduled on May 1 through 2017 and the ice/civic arena refunded bonds mature as scheduled on November 1 through 2015. The balance of the defeased debt outstanding at December 31, 2007, was \$7,325,000.

### **IV. OTHER INFORMATION**

#### **A. DEFINED BENEFIT PENSION PLAN**

##### **Pension Plan**

*Plan Description* - The County maintains a single-employer defined benefit pension plan, the Bay County Employees' Retirement System (the Plan), covering substantially all employees of the primary government. Employees of the County's component units, including Road Commission, Library System, and Department of Water and Sewer, participate in the County's plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan does not issue stand-alone financial statements and is not included in the financial report of any other entity.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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*Funding Policy/Contributions* - The County's policy is to fund normal costs which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The provisions of the Plan require the County to contribute at an actuarially determined rate. The current rate is 0 percent of annual covered payroll for General County, Medical Care Facility, Sheriff's Department, Library and Department of Water & Sewer, 3.24% for Bay Area Behavioral Health, and 10.82% for the Road Commission, which was determined through an actuarial valuation performed at December 31, 2006. Contributions from County funds for the year ended December 31, 2007, amounted to \$0 and contributions from the component units and Bay Area Behavioral Health amounted to \$706,090. Plan members contribute at a rate of 4% of their annual salary. The County pays the plan member contributions for all employee groups. Contributions received from plan members for the year ended December 31, 2007, amounted to \$1,123,376. The Plan benefit provisions and contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, who also administer the plan, in accordance with County policies, union contracts, and plan provisions.

*Basis of Accounting* -The financial statements of the Bay County Employees' Retirement System are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period they are due. The County's contributions to the Plan are recognized when due and they have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

*Administrative Expenses* -The Bay County Employees' Retirement System is administered by Bay County. Administrative expenses, such as trustee and actuarial fees, are paid by the System. Fees for investment counseling are paid by the System.

*Benefits* -A plan member may retire after reaching the age of 60 with 8 or more years of service. Sheriff Dispatchers and Bay Medical Care Facility employees may retire at 30 years of service regardless of age, or age 55 with 25 years of service. Road Patrol employees may retire with 25 years of service regardless of age. Correctional Facility Officers employees may retire at age 55 with 25 years of service. Road Commission employees may retire at 30 years of service regardless of age. All other plan members may retire at age 55 with 30 years of service. The Plan also provides early retirement to its members.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Eligible employees are provided benefits based on 2.25% of their final average compensation times the number of years of credited service (2.0% for Behavioral Health AFSCME, 2.5% for Sheriff-Road Patrol, CFO, Central Dispatch, District Court Union and Road Commission employees). Maximum retirement is 75% of final average compensation, defined as the average of the highest five years. For those who retire early, in accordance with the Plan provisions, the benefit is reduced to the actuarial equivalent of a pension at normal retirement age.

Duty death in service benefits provided by the County upon termination of workers' compensation payments entitle the plan member's spouse to a refund of accumulated contributions plus a benefit equal to the workers' compensation amount. Unmarried children under the age of 18 and parents receive a benefit equal to the workers' compensation amount. Non-duty death in service benefits, after ten years of service, are computed as a regular retirement, actuarially reduced in accordance with a 100% joint and survivor election.

Duty disability benefits provided by the County are computed as a regular retirement, with additional service credited until attainment of age 55, less an amount offset by workers' compensation payments. Non-duty disability benefits, after ten years of credited service, are computed as a regular retirement less an amount offset by workers' compensation payments.

*Classes of Employees* - The Plan's membership consists of the following at December 31, 2006, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	<u>623</u>
Terminated plan members entitled to, but not yet receiving, benefits	<u>92</u>
Active plan members	<u>1,122</u>

*Annual Pension Cost* - For the year ended December 31, 2007, the County's annual pension cost of \$706,090 was equal to the County's required and actual contribution. The required contribution was determined as part of the December 31, 2006, actuarial evaluation, using the entry age actuarial cost method.

The pension liability (asset) for the Plan at adoption was \$0 and was determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which was adopted on January 1, 1997.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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The annual required contribution for the current year was determined as part of the December 31, 2006, actuarial valuation using the individual entry age normal cost method. Significant actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.0% per year pay inflation plus merit and longevity, (c) additional projected salary increases ranging from 1.0 to 8.0% per year, depending on age, attributable to merit and longevity, and (d) the assumption that benefits will not increase after retirement.

Unfunded actuarial accrued liabilities or asset surpluses are amortized by level percent of payroll contributions. If the liabilities exceed the assets, the difference is amortized over 30 years; if the assets exceed the liabilities the difference is amortized over 10 years. These periods are re-established with each annual actuarial valuation. The actuarial value of assets is determined by adding contributions and regular investment income to valuation assets at the beginning of the year and reducing that amount by benefit payments and administrative expenses. This preliminary value is then adjusted by 20% of the fair value gains and losses for each of the last 5 years.

### Three Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2005	\$ 393,515	100%	\$ -
2006	581,067	100%	-
2007	706,090	100%	-

Required supplementary information, which includes a Schedule of Funding Progress and a Schedule of Employer Contributions is presented immediately following the notes.

*Net assets Reserved for Employees' Pension Benefits* – Net assets reserved for employees' pension benefits includes legally required reserves. Net assets as of December 31, 2007, consists of the following reserves:

Annuity reserve	\$ 84,078,549
Employer reserve	145,052,491
Employee accumulated reserve	<u>25,097,559</u>
	<u>\$ 254,228,599</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Annuity reserve represents the cumulative contribution for retirees, disabled members, or surviving spouses who have elected monthly annuity benefits. Employer reserves represent the reserve for employer contributions, with County contributions, excluding member contributions made on behalf of employees, which are credited to the reserve for member contributions. Employee reserves represent the reserve into which the Retirement System shall make transfers and refunds of accumulated member contributions.

Following are the financial statements for the Employees' Retirement System Pension Trust Fund for the year ended December 31, 2007.

### Statement of Plan Net Assets

#### Assets

#### Investments at fair value:

Common stock	\$ 170,946,995
Corporate bonds	22,626,115
Governmental securities	27,403,094
Short-term investment funds	11,310,701
Convertible bonds	20,395,205
Other	<u>1,084,892</u>
Total investments	<u>253,767,002</u>

#### Receivables:

Interest and dividends	783,419
Trade	<u>906,244</u>
Total receivables	<u>1,689,663</u>

#### Other current assets:

Due from component units	<u>42,242</u>
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<u>Total Assets</u>	<u>255,498,907</u>
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#### Liabilities

Accounts payable	382,100
Accrued items and other liabilities	884,210
Accrued vacation and sick pay	3,778
Due to other governmental units	<u>220</u>
Total liabilities	<u>1,270,308</u>

Net assets held in trust for pension benefits	<u>\$ 254,228,599</u>
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# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Statement of Changes in Plan Net Assets

#### Additions

##### Contributions:

Employer	\$ 706,090
Plan members	<u>1,123,376</u>

Total additions	<u>1,829,466</u>
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##### Investment income:

Net appreciation in fair value of investments	14,034,991
Interest and dividends	5,698,831
Less investment expense	<u>(1,869,322)</u>
Net investment income	<u>17,864,500</u>

Other revenue	<u>170,284</u>
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Total additions	<u>19,864,250</u>
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#### Deductions

Benefits	8,723,428
Administrative expenses	143,182
Refunds of contributions	346,143
Capital outlay	<u>6,610</u>
Total deductions	<u>9,219,363</u>

Change in net assets	10,644,887
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#### Net assets held in trust for pension benefits:

Beginning of year	<u>243,583,712</u>
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End of year	<u>\$ 254,228,599</u>
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# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### **B. POST-RETIREMENT HEALTHCARE AND LIFE INSURANCE BENEFITS**

The County also sponsors a retiree healthcare plan through a Voluntary Employees Beneficiary Association (VEBA) trust (the “Plan”). The plan is a single employer defined benefit public retiree healthcare plan established effective October 1, 2001. The purpose of the plan is to provide medical and healthcare benefits for the welfare of certain retirees of the County and the spouses and dependents of such retirees who are participants in the Bay County Retirement System. Benefits under the plan are provided pursuant to a group contract issued by Blue Cross Blue Shield of Michigan. The County Board of Commissioners has the authority to establish and amend benefit provisions. The Plan does not issue stand-alone financial statements and is not included in the financial report of any other entity.

The Plan is a contributory defined benefit plan which covers substantially all employees of Bay County as defined above. At December 31, 2006, the date of the latest actuarial valuation, participants in the plan consisted of:

Retired members and beneficiaries:

Under age 65	167
Age 65 and over	<u>257</u>
Total	<u>424</u>

The December 31, 2006, actuarial valuation identified the required employer contribution rate as 3.24% to 33.70% of covered payroll, depending on employee group and amortization period. Contributions to the Plan for the year-ended December 31, 2007, were \$2,079,379, representing 0-10% of covered payroll for employee groups.

The benefit obligation represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to December 31. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and dependents (as defined by the Plan) and (2) active employees and their beneficiaries and dependents after retirement from service. Prior to an active employee’s full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee’s service rendered to the valuation date.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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The actuarial present value of the expected postretirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical insurance premium-cost data to estimate future annual premium costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The Plan's unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2006. Significant actuarial assumptions used in determining the Plan's unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually for active employees and 4.0% for retirees, (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 1.0% to 8.0% per year, depending on age, attributable to seniority/merit, and (d) healthcare cost increases of 5.0% for 2007, 4.5% for 2008 and 4% for 2009 and all subsequent years after the valuation.

Marketable securities are stated at aggregate fair value. Securities which are traded on a national securities exchange are valued at the last reported sales price on the last business day of the System's year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price.

The Plan's unfunded accrued liability, which was determined by an actuary, is as follows at December 31, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries	\$ 87,497,708
Current employees:	
Value of expected future benefit payments	92,712,451
Less: Value of future normal costs	<u>(30,891,884)</u>
Total accrued liability	149,318,275
Valuation assets	<u>(19,939,625)</u>
Unfunded accrued liability	<u>\$129,378,650</u>

Net assets available to fund this Plan amount to \$22,301,785 at December 31, 2007.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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In addition, the Library System, Department of Water and Sewer, Road Commission, and Bay Medical Care Facility provide certain health insurance benefits to their employees. The Bay Medical Care Facility also provides life insurance to retirees. The coverage amount is either \$2,500, \$3,500, or \$5,000, depending on the terms of the bargaining unit contract in effect at the time the employee retired. The County also provides life insurance to non-represented retirees as of March 1, 1998. The coverage amount is \$10,000.

Employees become eligible for post-retirement benefits if they reach normal retirement age while working for the County. Benefits for employees begin the first month following their date of retirement.

The insurance for General County retirees is paid for by the employer, with required copayments, if any, determined annually. In addition, some bargaining units' contracts provide for the County paying 50 percent of the retirees' current (at the time of retirement) spouses' insurance. Premiums for all other dependents covered on the policy are at the expense of the retiree.

Road Commission, Department of Water and Sewer, and Bay Medical Care Facility retirees have 100 percent of their premiums paid for by the County. The County also pays 100 percent of premiums for spouses of retirees of the Road Commission and Bay Medical Care Facility.

The Library pays 50% of the health insurance premiums for employees who retire between the ages of 60 and 65. Employees who retire at age 65 or later are entitled to 100% employer paid health insurance. Spousal premiums are at the expense of the retiree.

The post-retirement benefits are financed on a pay-as-you-go basis. The amount of expenditures for the benefits is recognized during the period incurred. The premiums are paid by the County. Employees make no contribution directly to the County for their share of the expense. The cost of retiree healthcare and life insurance benefits for 2007 was approximately \$2,267,836 for the primary government and approximately \$1,211,735 for component units.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended December 31, 2007.

### Statement of Plan Net Assets

#### Assets

#### Investments at fair value:

Common stock	\$ 22,090,741
Short-term investment funds	<u>123,523</u>
Total investments	<u>22,214,264</u>

#### Receivables:

Interest and dividends	148,720
Trade	<u>110,065</u>
Total receivables	<u>258,785</u>

<u>Total Assets</u>	<u>22,473,049</u>
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#### Liabilities

Accounts payable	22,896
Accrued items and other liabilities	<u>148,368</u>
Total liabilities	<u>171,264</u>

Net assets held in trust for healthcare benefits	<u>\$ 22,301,785</u>
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# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### Statement of Changes in Plan Net Assets

#### Additions

##### Contributions

Employer: \$ 2,079,379

##### Investment income:

Net appreciation in fair value of investments (256,946)

Interest and dividends 588,383

Less investment expense (37,579)

Net investment income 293,858

Total additions 2,373,237

#### Deductions

Administrative expenses 11,077

Change in net assets 2,362,160

#### Net assets held in trust for healthcare benefits:

Beginning of year 19,939,625

End of year \$ 22,301,785

### UPCOMING REPORTING CHANGE

The Governmental Accounting Standards Board has recently release Statement Number 45, Accounting and Reporting By Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree healthcare, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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### **C. SELF-INSURANCE**

The County is self-funded for risks associated with workers' compensation, sickness and accident insurance (short-term disability), unemployment compensation and healthcare. The self-insurance program for workers' compensation (except for the Bay County Medical Care Facility), short-term disability and unemployment is accounted for in the Self-Insurance Fund, an Internal Service fund. Contributions are paid to the Self-Insurance Fund as a percentage of payroll, with the rates being determined by an independent actuary. The Bay County Medical Care Facility participates in its own, stand-alone self-insured program for workers' compensation and healthcare benefits. The activity of this program is accounted for in the Medical Care Facility Enterprise Fund, with claims being paid as they are incurred. The County's self-insurance program for healthcare became effective January 1, 2001, and is accounted for in the Healthcare Self-Insurance Fund, an internal service fund. The contributions which are paid to the Healthcare Self-Insurance Fund are determined by an independent consultant.

For the area of unemployment compensation, the County is categorized as a reimbursing employer in the State of Michigan. Employee sickness and accident benefit limits are established by way of contract negotiations with the County's eleven bargaining units and by the Board of Commissioners for the County's nonrepresented employees.

Specifically in the area of workers' compensation, the County purchases excess insurance to reduce its exposure to significant claim losses. Excess insurance allows recovery of a portion of the losses from the excess insurer, although it does not discharge the primary liability of the Self-Insurance fund as direct insurer of the risks. During 2007, Bay County purchased excess insurance from Citizens Insurance Company of America. The self-insured retention is \$400,000 per occurrence. The maximum limit of indemnity per occurrence is statutory. The employers' liability maximum limit of indemnity is \$1,000,000 per occurrence.

The County estimates the liability for claims that have been incurred through December 31, 2007, including both claims that have been reported as well as those that have not yet been reported and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses. Neither the County nor the Bay Medical Care Facility has experienced settlements in excess of insurance coverage during the past three years.

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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### **General Liability**

In 2007 the County was self-insured for general liability insurance coverage with Michigan Municipal Risk Management Authority (MMRMA). Bay County's contributions to this fund are determined each year by MMRMA based on its review of an application filed by the County, which identifies County assets such as property, vehicles, buildings, and equipment. Bay County's retention levels and policy coverage through MMRMA are as follows:

<b>Coverage</b>	<b>Self-Insured Retention (excess of deductible)</b>
Liability	\$150,000
Vehicle Physical Damage \$1,000 deductible per vehicle	\$15,000 per vehicle \$30,000 per occurrence
Property and Crime \$1,000 deductible per occurrence	10% of the remaining up to \$100,000 of loss

### **Limits of Coverage**

#### **(including member's self-insured retention per occurrence)**

The County's limits of liability coverage range from \$2,000 to \$10,000,000 per occurrence depending on type of occurrence. The County's limits of property and crime coverage range from \$10,000 to \$85,926,504 per occurrence depending on type of occurrence. In addition to the County's coverage from MMRMA, the combined members' have an aggregate \$5,000,000 terrorism liability coverage, \$200,000,000 of aggregate property coverage, a \$100,000,000 earthquake aggregate loss limit, a \$100,000,000 flood aggregate loss limit, and a \$25,000,000 terrorism aggregate loss limit.

In the area of life insurance, the County is experienced rated and pays premiums to Hartford Insurance with whom the County has entered into a contractual agreement.

There have been no significant changes in insurance coverage in the past two years. There have been no claim settlements that have exceeded excess insurance limits.

### **General Liability – Road Commission Component Unit**

The Road Commission joined together with other Road Commissions to form the Michigan County Road Commission Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability insurance. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Michigan County Road



# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

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Commission Self-Insurance Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for large claims. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Changes in the estimated claims liabilities for workers' compensation claims (excluding the Medical Care Facility) for the years ended December 31, 2006 and 2007, are as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Beginning of year liability	\$ 342,307	\$ 516,056
Estimated claims incurred, claim adjustment expense, and changes in estimates		
Provision for current year events	237,758	173,874
Increase (decrease) in provision for prior year events	<u>51,942</u>	<u>(181,372)</u>
Total incurred claims, claim adjustment expense, and changes in estimates	<u>289,700</u>	<u>(7,498)</u>
Claim payments and claim adjustment expenses:		
Related to current year events	(48,679)	(10,968)
Related to prior year events	<u>(139,309)</u>	<u>(155,283)</u>
Total claim payments and claim adjustment expenses	<u>(187,988)</u>	<u>(166,251)</u>
End of year liability	<u>\$ 444,019</u>	<u>\$ 342,307</u>

Changes in the estimated claims liabilities for workers' compensation claims of the Medical Care Facility for the years ended December 31, 2006 and 2007, are as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Beginning of year liability	\$ 96,526	\$ 339,329
Estimated claims incurred, claim adjustment expense, And changes in estimates	49,725	(9,995)
Claim payments and claim adjustment expenses	<u>(54,731)</u>	<u>(232,808)</u>
End of year liability	<u>\$ 91,520</u>	<u>\$ 96,526</u>

# BAY COUNTY

## NOTES TO FINANCIAL STATEMENTS

Changes in the estimated claims liabilities for healthcare claims (excluding the Medical Care Facility) for the year ended December 31, 2006 and 2007, are as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Beginning of year liability	\$ 235,954	\$ 158,889
Estimated claims incurred, claim adjustment expense, and changes in estimates		
Provision for current year events	3,914,982	3,670,611
Increase (decrease) in provision for prior year events	<u>(235,954)</u>	<u>(158,889)</u>
Total incurred claims, claim adjustment expense, and changes in estimates	<u>3,679,028</u>	<u>3,511,722</u>
Claim payments and claim adjustment expenses:		
Related to current year events	(3,092,998)	(2,981,370)
Related to prior year events	<u>(599,897)</u>	<u>(453,287)</u>
Total claim payments and claim adjustment expenses	<u>(3,692,895)</u>	<u>(3,434,657)</u>
End of year liability	<u>\$ 222,087</u>	<u>\$ 235,954</u>

Beginning July 1, 2006, the Medical Care Facility is fully self-insured for healthcare claims. Prior to July 1, 2006, the Facility was partially self-insured for healthcare claims, but also paid a partial premium. The Facility is covered by a stop-loss policy that covers individual claims over \$35,000. Changes in the estimated claims liabilities for healthcare claims of the Medical Care Facility for the year ended December 31, 2006 and 2007, are as follows:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Beginning of year liability	\$ 550,000	\$ -
Estimated claims incurred, claim adjustment expense, And changes in estimates	2,803,581	3,614,290
Claim payments and claim adjustment expenses	<u>(2,953,581)</u>	<u>(3,064,290)</u>
End of year liability	<u>\$ 400,000</u>	<u>\$ 550,000</u>

The Department of Water and Sewer is self-insured for workers' compensation claims. This program is administered by an independent company which furnishes safety inspection, claims review, and claims processing services. The employers' liability

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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maximum limit of indemnity per occurrence is \$1,000,000 and the self insured retention per occurrence is \$400,000. Net cost for the year ended December 31, 2007, was \$5,254.

The Department of Water and Sewer is further insured for general, automobile, and errors or omissions claims as a member of the Michigan County Road Commission Self-Insurance Pool and is insured for liabilities up to a limit of \$10,500,000 per occurrence, subject to a \$1,000 deductible. Payments made for the year ended December 31, 2007, were \$56,767.

The Department of Water and Sewer is further insured as a member of the Michigan County Road Commission Self-Insurance Pool for building, contents, off-road equipment and licensed vehicles claims and is insured for the lessor of the scheduled value of property or the cost of repairs or replacement, subject to a \$500 deductible. Payments made for the year ended December 31, 2007, were \$62,743.

The Department of Water and Sewer became self-insured for healthcare claims effective February 1, 2006. Blue Cross Blue Shield of Michigan administers the claims and provides \$75,000 specific and \$1,500,000 aggregate stop loss coverage in a combined contract with DWS and Bay County Road Commission. Payments made for the year ended December 31, 2007, were \$583,757.

### **D. PROPERTY TAXES**

The County property tax is levied each July 1st and December 1st through 2007 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's 2007 ad valorem tax is levied and collectible by December 1, 2007, it is the County's policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to revenue sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy shifted over three years from winter to summer. The property tax shift was completed in 2006 and 100% of the general operating taxes were levied July 1 in 2007.

# **BAY COUNTY**

## **NOTES TO FINANCIAL STATEMENTS**

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The taxable value of real and personal property for the December 1, 2006, levy totaled \$2,944,576,207. The taxable value of real and personal property for the July 1, 2007, levy totaled \$3,064,334,462. The tax levy for fiscal year 2007 operations was based on the following rates:

General Operating	5.7257 mills
Mosquito Control	.4478 mills
911 Central Disbatch	.7000 mills
County Library	.9953 mills
Senior Citizens	.5000 mills
Historical Society	.0952 mills

The County annually reimburses to the local taxing authorities in Bay County the face value of the real property taxes, which are returned to the County Treasurer on March 1 as delinquent.

### **E. CONTINGENCIES AND PENDING LITIGATION**

The County is a defendant in various lawsuits. It is the opinion of County management and its counsel that the outcome of these lawsuits now pending will not materially affect the operations or the financial position of the County.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. County management believes disallowances, if any, would be minimal.

**BAY COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION**

**EMPLOYEES' RETIREMENT SYSTEM**

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
SIX-YEAR HISTORICAL TREND INFORMATION - UNAUDITED**

***SCHEDULE OF FUNDING PROGRESS***

<b>ACTUARIAL VALUATION DATE DECEMBER 31,</b>	<b>ACTUARIAL VALUE OF ASSETS (IN THOUSANDS)</b>	<b>ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (IN THOUSANDS)</b>	<b>FUNDED RATIO</b>	<b>EXCESS OF ASSETS OVER AAL (IN THOUSANDS)</b>	<b>COVERED PAYROLL (IN THOUSANDS)</b>	<b>EXCESS AS A PERCENTAGE OF COVERED PAYROLL</b>
2001	\$ 203,174	\$ 140,670	144.4%	\$ 62,504	\$ 39,762	157.2%
2002	200,786	151,663	132.4%	49,123	41,332	118.8%
2003	225,029	156,242	144.0%	68,787	43,054	159.8%
2004	227,174	174,175	130.4%	52,999	43,551	121.7%
2005	230,242	181,305	127.0%	48,937	43,104	113.5%
2006	237,681	189,811	125.2%	47,870	42,024	113.9%

***SCHEDULE OF EMPLOYER CONTRIBUTIONS:***

<b>YEAR ENDED DECEMBER 31,</b>	<b>ANNUAL REQUIRED CONTRIBUTION</b>	<b>PERCENTAGE CONTRIBUTED</b>
2002	\$ -	100%
2003	-	100%
2004	-	100%
2005	393,515	100%
2006	581,067	100%
2007	706,090	100%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional

Actuarial cost method	Individual entry age normal cost
Amortization method	Level percent of payroll, opened periods
Remaining amortization method:	30 years for groups that are underfunded and 10 years for groups that are overfunded.
Asset valuation method	Market value with 5 year smoothing of gains and losses.
Actuarial assumptions:	
Investment rating return*	7.5 percent
Projected salary increases*	5.0 percent to 12.0 percent, dependant on member's age
Addition merit and longevity increases	0.16 percent to 14.3 percent, dependant on member's age
Cost-of-living adjustments	None

\*Includes pay inflation at 4.0 percent

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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*Special Revenue funds* account for the proceeds of specific revenue resources that are restricted to expenditures for specific programs or projects.

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The Friend of the Court Fund is used to account for judgment fees and for the operation of this office of the Circuit Court.

The Health Department District Health Fund is used to account for revenue received from the General Fund, State grants, and fees to provide health protection, maintenance, and improvement for the residents of Bay County.

The Gypsy Moth Control Fund is used to account for revenues received from property taxes and Federal and State grants for controlling gypsy moths.

The Public Improvement Fund is used to account for nontax revenues earmarked for statutory public improvements.

The Register of Deeds Automation Fund is used to account for the collection of \$5.00 of the total fee collected for each recording, which is used to fund the upgrading of technology in the Register of Deeds' Office.

The Local C.F.O. Training Fund is used to account for the County's share of the inmate booking fees to be utilized for local correctional officers training programs.

The Drug Law Enforcement Fund is used to account for revenue received from drug enforcement forfeitures that is earmarked for drug law enforcement.

The Law Library Fund is used to account for revenue received from penal fines and the General Fund that is earmarked for maintaining a law library.

The Community Corrections Fund is used to account for revenue received from State grants that is earmarked for programs designed to divert criminal offenders from the Bay County Law Enforcement Center (Jail) and the State prison system.

The Home Rehabilitation Fund is used to account for Michigan Community Development Block Grant (CDBG) funds and Michigan State Housing Development Authority (MSHDA) funds provided to the County for the rehabilitation of owner-occupied, single-family residential units in the out-county area.

## **Special Revenue Funds (concluded)**

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The Social Welfare Fund is used to account for revenues primarily received from the State by the County Social Services Department to administer various public assistance programs.

The Social Services Protective Services Fund is used to account for revenue received from donations to provide services for abused and neglected children.

The Child Care Fund is used to account for revenues received from the County's General Fund, Federal and State grants, private agencies, and individuals to provide care, guidance, and control of children coming under the jurisdiction of the Probate Court.

The Child Care - Social Services Fund is used to account for revenues received from the County's General Fund and the State to provide foster care to children under the jurisdiction of the Probate Court Juvenile Unit who do not qualify for the State Foster Care Program.

The Soldiers' Relief Fund is used to account for emergency assistance to eligible veterans.

The Veterans' Trust Fund is used to account for revenue received from the State to provide emergency assistance to Michigan veterans.

The Donald C. Pero Wildlife Restoration Fund is used to account for resources received from the General Fund of the County to plan, assist, promote, and influence natural resource programs, to improve, maintain, and restore wildlife and its habitat, and to develop, maintain, and improve physical facilities supportive of wildlife.

The Historical Preservation Fund is used to account for revenues received from property taxes to foster any activity or project which tends to advance the historical interests of the County.

**BAY COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2007**

	<b>SPECIAL REVENUE FUNDS</b>			
	<b>FRIEND OF THE COURT</b>	<b>HEALTH DEPARTMENT / DISTRICT HEALTH</b>	<b>GYPSY MOTH CONTROL</b>	<b>PUBLIC IMPROVEMENT</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 105,235	\$ 934,376	\$ 142,417	\$ 11,061
Investments	38,281	-	86,673	7,235
Accounts receivable, net of allowance	140	8,136	-	-
Property taxes receivable, net of allowance	-	-	282,325	-
Accrued interest receivable	-	-	2,438	183
Due from component units	-	-	-	-
Due from other governmental units	5	290,464	-	-
<b>TOTAL ASSETS</b>	<b>\$ 143,661</b>	<b>\$ 1,232,976</b>	<b>\$ 513,853</b>	<b>\$ 18,479</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 254	\$ 38,526	\$ 215	\$ -
Accrued items and other liabilities	1,481	43,240	1,028	-
Accrued vacation and sick pay	-	544	-	-
Due to other funds	46	1,168	33	-
Due to other governmental units	188	14,243	112	-
Interfund advances	-	500,000	-	-
Long term advances from other governmental units	-	-	-	-
Deferred revenue	-	378,543	289,131	-
<b>TOTAL LIABILITIES</b>	<b>1,969</b>	<b>976,264</b>	<b>290,519</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved:				
Debt service	-	-	-	-
Noncurrent assets	-	-	-	-
Restricted contributions	-	-	-	18,479
Total reserved	-	-	-	18,479
Unreserved:				
Designated for subsequent year's expenditures	2,492	43,554	-	-
Designated for other projects and activities	-	112,247	-	-
Undesignated	139,200	100,911	223,334	-
<b>TOTAL FUND BALANCES</b>	<b>141,692</b>	<b>256,712</b>	<b>223,334</b>	<b>18,479</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 143,661</b>	<b>\$ 1,232,976</b>	<b>\$ 513,853</b>	<b>\$ 18,479</b>



**SPECIAL REVENUE FUNDS**

<b>REGISTER OF</b>		<b>LOCAL C.F.O.</b>		<b>DRUG LAW</b>		<b>LAW</b>		<b>COMMUNITY</b>		<b>HOME</b>	
<b>DEEDS</b>		<b>TRAINING</b>		<b>ENFORCEMENT</b>		<b>LIBRARY</b>		<b>CORRECTIONS</b>		<b>REHABILITATION</b>	
<b>AUTOMATION</b>											
\$	166,094	\$	55,487	\$	58,684	\$	42,749	\$	20,749	\$	123,703
	104,117		-		-		-		-		-
	-		1,697		-		-		-		1,552,385
	-		-		-		-		-		-
	2,574		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		26,686		-
<hr/>											
\$	272,785	\$	57,184	\$	58,684	\$	42,749	\$	47,435	\$	1,676,088
<hr/>											
\$	1,403	\$	13	\$	-	\$	-	\$	5,563	\$	5,010
	-		339		5,566		-		912		134
	-		-		-		-		-		-
	-		11		-		-		29		4
	-		-		-		-		88		14,071
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
<hr/>											
	1,403		363		5,566		-		6,592		19,219
<hr/>											
	-		-		-		-		-		-
	-		-		-		-		-		1,507,762
	-		-		-		-		3,410		-
<hr/>											
	-		-		-		-		3,410		1,507,762
<hr/>											
	-		3,000		-		-		-		2,686
	-		-		-		-		-		113,233
	271,382		53,821		53,118		42,749		37,433		33,188
<hr/>											
	271,382		56,821		53,118		42,749		40,843		1,656,869
<hr/>											
\$	272,785	\$	57,184	\$	58,684	\$	42,749	\$	47,435	\$	1,676,088
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(Continued)

**BAY COUNTY  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2007**

	<b>SPECIAL REVENUE FUNDS (CONTINUED)</b>			
	<b>SOCIAL WELFARE</b>	<b>SOCIAL SERVICES PROTECTIVE SERVICES</b>	<b>CHILD CARE</b>	<b>CHILD CARE / SOCIAL SERVICES</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 94,521	\$ -	\$ 145,971	\$ 1,985
Investments	54,642	-	-	-
Accounts receivable, net of allowance	-	-	1,273	-
Property taxes receivable, net of allowance	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from component units	-	-	-	-
Due from other governmental units	20,524	-	269,400	570
<b>TOTAL ASSETS</b>	<b>\$ 169,687</b>	<b>\$ -</b>	<b>\$ 416,644</b>	<b>\$ 2,555</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 51,644	\$ -
Accrued items and other liabilities	-	-	34,488	-
Accrued vacation and sick pay	-	-	2,380	-
Due to other funds	-	-	5,410	-
Due to other governmental units	-	-	24,945	-
Interfund advances	-	-	-	-
Long term advances from other governmental units	29,000	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>29,000</b>	<b>-</b>	<b>118,867</b>	<b>-</b>
<b>FUND BALANCES</b>				
Reserved:				
Debt service	-	-	-	-
Noncurrent assets	-	-	-	-
Restricted contributions	54,815	-	-	2,555
Total reserved	54,815	-	-	2,555
Unreserved:				
Designated for subsequent year's expenditures	-	-	900	-
Designated for other projects and activities	-	-	-	-
Undesignated	85,872	-	296,877	-
<b>TOTAL FUND BALANCES</b>	<b>140,687</b>	<b>-</b>	<b>297,777</b>	<b>2,555</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 169,687</b>	<b>\$ -</b>	<b>\$ 416,644</b>	<b>\$ 2,555</b>

SPECIAL REVENUE FUNDS (CONTINUED)					DEBT SERVICE FUND	CAPITAL PROJECTS FUND	
SOLDIERS' RELIEF	VETERANS' TRUST	DONALD C. PERO WILDLIFE RESTORATION	HISTORICAL PRESERVATION	BUILDING AUTHORITY	BUILDING AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
\$ 4,448	\$ 8,241	\$ -	\$ 6,512	\$ 426,931	\$ -	\$ 2,349,164	
-	-	-	-	274,137	-	565,085	
-	-	-	-	-	-	1,563,631	
-	-	-	274,268	-	-	556,593	
-	-	-	-	8,889	-	14,084	
-	-	-	-	-	10,178	10,178	
-	2,347	-	-	-	-	609,996	
<u>\$ 4,448</u>	<u>\$ 10,588</u>	<u>\$ -</u>	<u>\$ 280,780</u>	<u>\$ 709,957</u>	<u>\$ 10,178</u>	<u>\$ 5,668,731</u>	
\$ 4,101	\$ 6,116	\$ -	\$ -	\$ -	\$ -	\$ 112,845	
-	-	-	-	-	-	87,188	
-	-	-	-	-	-	2,924	
-	40	-	-	-	10,178	16,919	
-	-	-	7	-	-	53,654	
-	-	-	-	-	-	500,000	
-	-	-	-	-	-	29,000	
-	-	-	280,773	6,800	-	955,247	
4,101	6,156	-	280,780	6,800	10,178	1,757,777	
-	-	-	-	703,157	-	703,157	
-	-	-	-	-	-	1,507,762	
-	-	-	-	-	-	79,259	
-	-	-	-	703,157	-	2,290,178	
-	-	-	-	-	-	52,632	
-	-	-	-	-	-	225,480	
347	4,432	-	-	-	-	1,342,664	
347	4,432	-	-	703,157	-	3,910,954	
<u>\$ 4,448</u>	<u>\$ 10,588</u>	<u>\$ -</u>	<u>\$ 280,780</u>	<u>\$ 709,957</u>	<u>\$ 10,178</u>	<u>\$ 5,668,731</u>	

**BAY COUNTY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>SPECIAL REVENUE FUNDS</b>			
	<b>HEALTH</b>			
	<b>FRIEND OF THE COURT</b>	<b>DEPARTMENT / DISTRICT HEALTH</b>	<b>GYPSY MOTH CONTROL</b>	<b>PUBLIC IMPROVEMENT</b>
<b>REVENUES</b>				
Property and other taxes	\$ -	\$ -	\$ (104)	\$ -
Licenses and permits	-	191,554	-	-
Federal grants	52,195	874,386	-	-
State grants	-	1,086,107	-	-
Interest, rents and royalties	-	1,400	14,521	967
Charges for services	38,949	96,517	-	-
Fines and forfeitures	-	-	-	-
Reimbursements, refunds, and other revenues	-	554,188	-	-
<b>TOTAL REVENUES</b>	<b>91,144</b>	<b>2,804,152</b>	<b>14,417</b>	<b>967</b>
<b>EXPENDITURES</b>				
Current				
Judicial	81,186	-	-	-
General government	-	-	85,651	-
Public safety	-	-	-	-
Health and welfare	-	3,417,984	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other fees	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>81,186</b>	<b>3,417,984</b>	<b>85,651</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>9,958</b>	<b>(613,832)</b>	<b>(71,234)</b>	<b>967</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	791,295	-	-
Transfers (out)	-	(75,876)	(14,529)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>715,419</b>	<b>(14,529)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>9,958</b>	<b>101,587</b>	<b>(85,763)</b>	<b>967</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>131,734</b>	<b>155,125</b>	<b>309,097</b>	<b>17,512</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 141,692</b>	<b>\$ 256,712</b>	<b>\$ 223,334</b>	<b>\$ 18,479</b>

**SPECIAL REVENUE FUNDS**

REGISTER OF							
DEEDS	LOCAL C.F.O.	DRUG LAW	LAW	COMMUNITY	HOME		
AUTOMATION	TRAINING	ENFORCEMENT	LIBRARY	CORRECTIONS	REHABILITATION		
\$	-	\$	-	\$	-	\$	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	228,859	-
-	-	-	-	-	280,942	-	-
13,181	-	-	-	-	-	-	4,901
-	22,737	-	-	-	12,195	-	240
-	-	6,071	9,750	-	-	-	-
-	-	-	-	-	-	-	-
13,181	22,737	6,071	9,750	293,137	234,000		
-	-	-	-	-	-	-	-
40,978	-	-	20,413	-	-	-	10
-	19,447	7,969	-	292,005	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	59,578	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40,978	19,447	7,969	20,413	292,005	59,588		
(27,797)	3,290	(1,898)	(10,663)	1,132	174,412		
97,800	-	-	15,350	15,542	-		
(32,509)	-	-	-	-	-		
65,291	-	-	15,350	15,542	-		
37,494	3,290	(1,898)	4,687	16,674	174,412		
233,888	53,531	55,016	38,062	24,169	1,482,457		
\$	271,382	\$	56,821	\$	53,118	\$	42,749
\$	40,843	\$	1,656,869				

(Continued)

**BAY COUNTY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>SPECIAL REVENUE FUNDS (CONTINUED)</b>			
	<b>SOCIAL WELFARE</b>	<b>SOCIAL SERVICES PROTECTIVE SERVICES</b>	<b>CHILD CARE</b>	<b>CHILD CARE / SOCIAL SERVICES</b>
<b>REVENUES</b>				
Property and other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal grants	-	-	22,021	-
State grants	-	-	16,031	-
Interest, rents and royalties	-	-	300	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Reimbursements, refunds, and other revenues	277,456	-	1,142,886	1,740
<b>TOTAL REVENUES</b>	277,456	-	1,181,238	1,740
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	286,969	-	1,844,959	3,480
Community and economic development	-	-	-	-
Recreation and culture	-	-	252,877	-
Debt service				
Principal	-	-	22,397	-
Interest and other fees	-	-	376	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	286,969	-	2,120,609	3,480
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(9,513)	-	(939,371)	(1,740)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	37,400	-	1,347,476	-
Transfers (out)	-	-	(131,492)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	37,400	-	1,215,984	-
<b>NET CHANGE IN FUND BALANCES</b>	27,887	-	276,613	(1,740)
FUND BALANCES, BEGINNING OF YEAR	112,800	-	21,164	4,295
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 140,687</u>	<u>\$ -</u>	<u>\$ 297,777</u>	<u>\$ 2,555</u>

SPECIAL REVENUE FUNDS (CONTINUED)					DEBT SERVICE FUND	CAPITAL PROJECTS FUND	
SOLDIERS' RELIEF	VETERANS' TRUST	DONALD C. PERO WILDLIFE RESTORATION	HISTORICAL PRESERVATION	BUILDING AUTHORITY	BUILDING AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
\$ -	\$ -	\$ -	\$ 271,819	\$ -	\$ -	\$ 271,715	
-	-	-	-	-	-	191,554	
-	-	-	-	-	-	1,177,461	
-	-	-	-	-	-	1,383,080	
-	-	-	121	331,555	-	366,946	
-	-	-	-	-	-	170,638	
-	-	-	-	-	-	15,821	
-	52,913	-	-	1,328,470	30,796	3,388,449	
-	52,913	-	271,940	1,660,025	30,796	6,965,664	
-	-	-	-	-	-	81,186	
-	-	-	-	-	-	147,052	
-	-	-	-	-	-	319,421	
34,866	51,094	-	-	-	-	5,639,352	
-	-	-	-	-	-	59,578	
-	-	-	271,940	-	-	524,817	
-	-	-	-	2,120,000	-	2,142,397	
-	-	-	-	1,151,972	-	1,152,348	
-	-	-	-	-	20,618	20,618	
34,866	51,094	-	271,940	3,271,972	20,618	10,086,769	
(34,866)	1,819	-	-	(1,611,947)	10,178	(3,121,105)	
32,660	-	-	-	1,689,794	-	4,027,317	
-	-	(508)	-	-	(10,178)	(265,092)	
32,660	-	(508)	-	1,689,794	(10,178)	3,762,225	
(2,206)	1,819	(508)	-	77,847	-	641,120	
2,553	2,613	508	-	625,310	-	3,269,834	
\$ 347	\$ 4,432	\$ -	\$ -	\$ 703,157	\$ -	\$ 3,910,954	

**BAY COUNTY**  
**FRIEND OF THE COURT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b><u>BUDGETED AMOUNTS</u></b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>		
<b>REVENUES</b>				
Federal grants	\$ 57,500	\$ 57,500	\$ 52,195	\$ (5,305)
Charges for services	38,590	38,590	38,949	359
<b>TOTAL REVENUES</b>	96,090	96,090	91,144	(4,946)
<b>EXPENDITURES</b>				
Judicial	97,141	97,141	81,186	15,955
<b>NET CHANGE IN FUND BALANCES</b>	(1,051)	(1,051)	9,958	11,009
FUND BALANCES, BEGINNING OF YEAR	131,734	131,734	131,734	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 130,683</u>	<u>\$ 130,683</u>	<u>\$ 141,692</u>	<u>\$ 11,009</u>



**BAY COUNTY**  
**HEALTH DEPARTMENT / DISTRICT HEALTH SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Licenses and permits	\$ 193,300	\$ 193,300	\$ 191,554	\$ (1,746)
Federal grants	468,035	461,535	874,386	412,851
State grants	1,180,967	1,237,527	1,086,107	(151,420)
Interest, rents and royalties	1,100	1,100	1,400	300
Charges for services	115,524	115,524	96,517	(19,007)
Reimbursements, refunds, and other revenues	428,440	443,250	554,188	110,938
<b>TOTAL REVENUES</b>	2,387,366	2,452,236	2,804,152	351,916
<b>EXPENDITURES</b>				
Health and welfare	3,343,188	3,435,292	3,417,984	17,308
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(955,822)	(983,056)	(613,832)	369,224
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,004,869	1,021,869	791,295	(230,574)
Transfers (out)	(61,847)	(61,847)	(75,876)	(14,029)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	943,022	960,022	715,419	(244,603)
<b>NET CHANGE IN FUND BALANCES</b>	(12,800)	(23,034)	101,587	124,621
<b>FUND BALANCES, BEGINNING OF YEAR</b>	155,125	155,125	155,125	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 142,325	\$ 132,091	\$ 256,712	\$ 124,621

**BAY COUNTY**  
**GYPSY MOTH CONTROL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Property and other taxes	\$ -	\$ -	\$ (104)	\$ (104)
Interest, rents and royalties	18,000	18,000	14,521	(3,479)
<b>TOTAL REVENUES</b>	18,000	18,000	14,417	(3,583)
<b>EXPENDITURES</b>				
General government	131,887	131,887	85,651	46,236
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(113,887)	(113,887)	(71,234)	42,653
<b>OTHER FINANCING (USES)</b>				
Transfers (out)	(14,529)	(14,529)	(14,529)	-
<b>NET CHANGE IN FUND BALANCES</b>	(128,416)	(128,416)	(85,763)	42,653
<b>FUND BALANCES, BEGINNING OF YEAR</b>	309,097	309,097	309,097	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 180,681	\$ 180,681	\$ 223,334	\$ 42,653

**BAY COUNTY**  
**PUBLIC IMPROVEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Interest, rents and royalties	\$ 700	\$ 700	\$ 967	\$ 267
<b>FUND BALANCES, BEGINNING OF YEAR</b>	17,512	17,512	17,512	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 18,212	\$ 18,212	\$ 18,479	\$ 267

**BAY COUNTY**  
**REGISTER OF DEEDS AUTOMATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Interest, rents and royalties	\$ -	\$ -	\$ 13,181	\$ 13,181
<b>EXPENDITURES</b>				
General government	48,850	68,850	40,978	27,872
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(48,850)	(68,850)	(27,797)	41,053
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	115,000	105,000	97,800	(7,200)
Transfers (out)	(32,509)	(32,509)	(32,509)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	82,491	72,491	65,291	(7,200)
<b>NET CHANGE IN FUND BALANCES</b>	33,641	3,641	37,494	33,853
<b>FUND BALANCES, BEGINNING OF YEAR</b>	233,888	233,888	233,888	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 267,529</u>	<u>\$ 237,529</u>	<u>\$ 271,382</u>	<u>\$ 33,853</u>

**BAY COUNTY**  
**LOCAL C.F.O. TRAINING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Charges for services	\$ 25,000	\$ 25,000	\$ 22,737	\$ (2,263)
<b>EXPENDITURES</b>				
Public safety	29,350	29,350	19,447	9,903
<b>NET CHANGE IN FUND BALANCES</b>	(4,350)	(4,350)	3,290	7,640
FUND BALANCES, BEGINNING OF YEAR	53,531	53,531	53,531	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 49,181</u>	<u>\$ 49,181</u>	<u>\$ 56,821</u>	<u>\$ 7,640</u>

**BAY COUNTY**  
**DRUG LAW ENFORCEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 1,500	\$ 1,500	\$ 6,071	\$ 4,571
<b>EXPENDITURES</b>				
Public safety	1,500	9,515	7,969	1,546
<b>NET CHANGE IN FUND BALANCES</b>	-	(8,015)	(1,898)	6,117
FUND BALANCES, BEGINNING OF YEAR	55,016	55,016	55,016	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 55,016</u>	<u>\$ 47,001</u>	<u>\$ 53,118</u>	<u>\$ 6,117</u>

**BAY COUNTY**  
**LAW LIBRARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fines and forfeitures	\$ 6,500	\$ 9,750	\$ 9,750	\$ -
<b>EXPENDITURES</b>				
Judicial	21,850	21,850	20,413	1,437
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(15,350)	(12,100)	(10,663)	1,437
<b>OTHER FINANCING SOURCES</b>				
Transfer in	15,350	15,350	15,350	-
<b>NET CHANGE IN FUND BALANCES</b>	-	3,250	4,687	1,437
<b>FUND BALANCES, BEGINNING OF YEAR</b>	38,062	38,062	38,062	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 38,062	\$ 41,312	\$ 42,749	\$ 1,437

**BAY COUNTY**  
**COMMUNITY CORRECTIONS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b><u>BUDGETED AMOUNTS</u></b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>		
<b>REVENUES</b>				
State grants	\$ 396,158	\$ 336,083	\$ 280,942	\$ (55,141)
Charges for services	13,500	13,500	12,195	(1,305)
<b>TOTAL REVENUES</b>	409,658	349,583	293,137	(56,446)
<b>EXPENDITURES</b>				
Public safety	429,768	374,333	292,005	82,328
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(20,110)	(24,750)	1,132	25,882
<b>OTHER FINANCING SOURCES</b>				
Transfer in	15,542	15,542	15,542	-
<b>NET CHANGE IN FUND BALANCES</b>	(4,568)	(9,208)	16,674	25,882
<b>FUND BALANCES, BEGINNING OF YEAR</b>	24,169	24,169	24,169	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 19,601</u>	<u>\$ 14,961</u>	<u>\$ 40,843</u>	<u>\$ 25,882</u>



**BAY COUNTY**  
**HOME REHABILITATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Federal grants	\$ 150,000	\$ 232,445	\$ 228,859	\$ (3,586)
Interest, rents and royalties	1,700	1,700	4,901	3,201
Charges for services	315	315	240	(75)
<b>TOTAL REVENUES</b>	<u>152,015</u>	<u>234,460</u>	<u>234,000</u>	<u>(460)</u>
<b>EXPENDITURES</b>				
General government	-	-	10	(10)
Community and economic development	204,807	332,252	59,578	272,674
<b>TOTAL EXPENDITURES</b>	<u>204,807</u>	<u>332,252</u>	<u>59,588</u>	<u>272,664</u>
<b>NET CHANGE IN FUND BALANCES</b>	(52,792)	(97,792)	174,412	272,204
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>1,482,457</u>	<u>1,482,457</u>	<u>1,482,457</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,429,665</u>	<u>\$ 1,384,665</u>	<u>\$ 1,656,869</u>	<u>\$ 272,204</u>

**BAY COUNTY**  
**SOCIAL WELFARE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<b>REVENUES</b>				
Reimbursements, refunds, and other revenues	\$ 634,353	\$ 634,353	\$ 277,456	\$ (356,897)
<b>EXPENDITURES</b>				
Health and welfare	671,753	671,753	286,969	384,784
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(37,400)	(37,400)	(9,513)	27,887
<b>OTHER FINANCING SOURCES</b>				
Transfers in	37,400	37,400	37,400	-
<b>NET CHANGE IN FUND BALANCES</b>	-	-	27,887	27,887
<b>FUND BALANCES, BEGINNING OF YEAR</b>	112,800	112,800	112,800	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 112,800</u>	<u>\$ 112,800</u>	<u>\$ 140,687</u>	<u>\$ 27,887</u>

**BAY COUNTY**  
**SOCIAL SERVICES PROTECTIVE SERVICES SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Reimbursements, refunds, and other revenues	\$ 500	\$ 500	\$ -	\$ (500)
<b>EXPENDITURES</b>				
Health and welfare	500	500	-	500
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

**BAY COUNTY**  
**CHILD CARE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Federal grants	\$ 17,000	\$ 17,000	\$ 22,021	\$ 5,021
State grants	39,000	39,000	16,031	(22,969)
Interest, rents and royalties	3,000	3,000	300	(2,700)
Reimbursements, refunds, and other revenues	1,253,339	1,255,624	1,142,886	(112,738)
<b>TOTAL REVENUES</b>	<b>1,312,339</b>	<b>1,314,624</b>	<b>1,181,238</b>	<b>(133,386)</b>
<b>EXPENDITURES</b>				
Health and welfare	2,246,576	2,251,621	1,844,959	406,662
Recreation and culture	271,589	273,589	252,877	20,712
Debt service				
Principal	25,660	25,660	22,397	3,263
Interest and other fees	543	543	376	167
<b>TOTAL EXPENDITURES</b>	<b>2,544,368</b>	<b>2,551,413</b>	<b>2,120,609</b>	<b>430,804</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,232,029)</b>	<b>(1,236,789)</b>	<b>(939,371)</b>	<b>297,418</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,363,521	1,350,521	1,347,476	(3,045)
Transfers (out)	(131,492)	(131,492)	(131,492)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,232,029</b>	<b>1,219,029</b>	<b>1,215,984</b>	<b>(3,045)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(17,760)</b>	<b>276,613</b>	<b>294,373</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>21,164</b>	<b>21,164</b>	<b>21,164</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 21,164</b>	<b>\$ 3,404</b>	<b>\$ 297,777</b>	<b>\$ 294,373</b>

**BAY COUNTY**  
**CHILD CARE / SOCIAL SERVICES SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Reimbursements	\$ 3,750	\$ 3,750	\$ 1,740	\$ (2,010)
<b>EXPENDITURES</b>				
Health and welfare	7,500	7,500	3,480	4,020
<b>NET CHANGE IN FUND BALANCES</b>	(3,750)	(3,750)	(1,740)	2,010
FUND BALANCES, BEGINNING OF YEAR	4,295	4,295	4,295	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 545</b>	<b>\$ 545</b>	<b>\$ 2,555</b>	<b>\$ 2,010</b>

**BAY COUNTY  
SOLDIERS' RELIEF SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>EXPENDITURES</b>				
Health and welfare	\$ 32,660	\$ 32,660	\$ 34,866	\$ (2,206)
<b>OTHER FINANCING SOURCES</b>				
Transfer in	32,660	32,660	32,660	-
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(2,206)	(2,206)
FUND BALANCES, BEGINNING OF YEAR	2,553	2,553	2,553	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,553</u>	<u>\$ 2,553</u>	<u>\$ 347</u>	<u>\$ (2,206)</u>

**BAY COUNTY  
VETERANS' TRUST SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Reimbursements, refunds and other revenues	\$ 40,000	\$ 40,000	\$ 52,913	\$ 12,913
<b>EXPENDITURES</b>				
Health and welfare	40,000	40,000	51,094	(11,094)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	1,819	1,819
<b>FUND BALANCES, BEGINNING OF YEAR</b>	2,613	2,613	2,613	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 2,613	\$ 2,613	\$ 4,432	\$ 1,819

**BAY COUNTY**  
**DONALD C. PERO WILDLIFE RESTORATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>OTHER FINANCING (USES)</b>				
Transfers out	\$ -	\$ (509)	\$ (508)	\$ 1
<b>FUND BALANCES, BEGINNING OF YEAR</b>	508	508	508	-
<b>FUND BALANCES, END OF YEAR</b>	\$ 508	\$ (1)	\$ -	\$ 1



**BAY COUNTY**  
**HISTORICAL PRESERVATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Property and other taxes	\$ 269,907	\$ 269,907	\$ 271,819	\$ 1,912
Interest, rents and royalties	25	25	121	96
<b>TOTAL REVENUES</b>	269,932	269,932	271,940	2,008
<b>EXPENDITURES</b>				
Recreation and culture	269,932	269,932	271,940	(2,008)
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

## Debt Service Funds

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The *Debt Service fund* accounts the payment of principal and interest on long-term general obligation debt other than that payable from special assessments and debt issued for and serviced primarily by an enterprise fund.

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The Building Authority Debt Fund was established to accumulate resources to meet the annual debt service requirements of bonds issued for the construction of and improvements to the Bay County Law Enforcement Center.

## Capital Projects Funds

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*Capital Projects funds* account for the purchase or construction of major capital facilities which are not financed by Proprietary funds.

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The Building Authority Construction Fund was established to account for the proceeds of bonds issued for the construction of and improvements to the various projects within the County.

**BAY COUNTY  
BUILDING AUTHORITY DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Interest, rents and royalties	\$ 304,030	\$ 304,030	\$ 331,555	\$ 27,525
Reimbursements, refunds, and other revenues	1,328,471	1,328,471	1,328,470	(1)
<b>TOTAL REVENUES</b>	<b>1,632,501</b>	<b>1,632,501</b>	<b>1,660,025</b>	<b>27,524</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	1,740,000	2,120,000	2,120,000	-
Interest and other fees	1,143,044	1,152,275	1,151,972	303
<b>TOTAL EXPENDITURES</b>	<b>2,883,044</b>	<b>3,272,275</b>	<b>3,271,972</b>	<b>303</b>
<b>REVENUES (UNDER) EXPENDITURES</b>	<b>(1,250,543)</b>	<b>(1,639,774)</b>	<b>(1,611,947)</b>	<b>27,827</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,300,563	1,689,794	1,689,794	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>50,020</b>	<b>50,020</b>	<b>77,847</b>	<b>27,827</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>625,310</b>	<b>625,310</b>	<b>625,310</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 675,330</b>	<b>\$ 675,330</b>	<b>\$ 703,157</b>	<b>\$ 27,827</b>

## **Nonmajor Enterprise Funds**

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*Enterprise funds* account for the operations and services provided for County residents which are financed primarily through user charges.

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The Golf Course Fund was established to account for the operations of the County golf course. Revenues are primarily generated from user fees.

The Delinquent Property Tax Foreclosure Fund was established to account for various fees and costs related to the new delinquent tax reversion process.

The Commissary Fund was established to record the operations of commissary sales to inmates at the Bay County Law Enforcement Center. Costs are recovered through charges for items sold.

**BAY COUNTY  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	<b>GOLF COURSE</b>	<b>DELINQUENT PROPERTY TAX FORECLOSURE</b>	<b>COMMISSARY</b>	<b>TOTAL</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 71,468	\$ 190,325	\$ 52,958	\$ 314,751
Investments	46,602	88,897	42,937	178,436
Accounts receivable, net of allowance	751	-	5,072	5,823
Due from other governmental units	254	-	-	254
Accrued interest receivable	1,562	1,778	958	4,298
Inventories	8,204	-	-	8,204
Due from other funds	22,441	19,235	-	41,676
Interfund advances	22,792	-	-	22,792
<b>TOTAL CURRENT ASSETS</b>	<b>174,074</b>	<b>300,235</b>	<b>101,925</b>	<b>576,234</b>
<b>CAPITAL ASSETS</b>				
Land	167,021	-	-	167,021
Land improvements	776,062	-	-	776,062
Buildings and improvements	406,224	-	-	406,224
Machinery and equipment	459,903	-	-	459,903
Office furniture and fixtures	16,669	-	-	16,669
Vehicles and other	8,458	118,145	-	126,603
	1,834,337	118,145	-	1,952,482
Less accumulated depreciation	(1,127,727)	(9,842)	-	(1,137,569)
<b>TOTAL CAPITAL ASSETS</b>	<b>706,610</b>	<b>108,303</b>	<b>-</b>	<b>814,913</b>
<b>TOTAL ASSETS</b>	<b>880,684</b>	<b>408,538</b>	<b>101,925</b>	<b>1,391,147</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	7,722	1,733	-	9,455
Accrued items and other liabilities	3,086	-	3,601	6,687
Accrued vacation and sick pay	2,858	-	-	2,858
Due to other funds	189	-	-	189
Due to other governmental units	331	-	150	481
Unearned revenue	3,399	-	-	3,399
Notes payable, current portion	-	39,381	-	39,381
<b>TOTAL CURRENT LIABILITIES</b>	<b>17,585</b>	<b>41,114</b>	<b>3,751</b>	<b>62,450</b>
<b>LONG-TERM LIABILITIES</b>				
Notes payable, net of current portion	-	39,382	-	39,382
Accrued vacation and sick pay	16,391	-	-	16,391
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>16,391</b>	<b>39,382</b>	<b>-</b>	<b>55,773</b>
<b>TOTAL LIABILITIES</b>	<b>33,976</b>	<b>80,496</b>	<b>3,751</b>	<b>118,223</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	706,610	29,540	-	736,150
Unrestricted	140,098	298,502	98,174	536,774
<b>TOTAL NET ASSETS</b>	<b>\$ 846,708</b>	<b>\$ 328,042</b>	<b>\$ 98,174</b>	<b>\$ 1,272,924</b>

**BAY COUNTY  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>DELINQUENT GOLF PROPERTY TAX COURSE FORECLOSURE COMMISSARY</b>			<b>TOTAL</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 598,045	\$ 207,071	\$ 151,821	\$ 956,937
Reimbursements, refunds, and other revenue	6,388	4,977	9	11,374
<b>TOTAL OPERATING REVENUES</b>	<b>604,433</b>	<b>212,048</b>	<b>151,830</b>	<b>968,311</b>
<b>OPERATING EXPENSES</b>				
Personal services	285,517	-	-	285,517
Supplies	72,107	4,798	-	76,905
Other services	170,627	58,207	108,994	337,828
Depreciation	57,964	9,842	-	67,806
<b>TOTAL OPERATING EXPENSES</b>	<b>586,215</b>	<b>72,847</b>	<b>108,994</b>	<b>768,056</b>
<b>OPERATING INCOME</b>	<b>18,218</b>	<b>139,201</b>	<b>42,836</b>	<b>200,255</b>
<b>NONOPERATING REVENUE</b>				
Interest income	7,315	10,492	4,666	22,473
<b>INCOME BEFORE TRANSFERS</b>	<b>25,533</b>	<b>149,693</b>	<b>47,502</b>	<b>222,728</b>
<b>TRANSFERS</b>				
Transfers (out)	(76,250)	-	(14,824)	(91,074)
<b>CHANGE IN NET ASSETS</b>	<b>(50,717)</b>	<b>149,693</b>	<b>32,678</b>	<b>131,654</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>897,425</b>	<b>178,349</b>	<b>65,496</b>	<b>1,141,270</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 846,708</b>	<b>\$ 328,042</b>	<b>\$ 98,174</b>	<b>\$ 1,272,924</b>

**BAY COUNTY  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>PUBLIC GOLF COURSE</b>	<b>DELINQUENT PROPERTY TAX FORECLOSURE</b>	<b>COMMISSARY</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 599,613	\$ 205,293	\$ 153,506	\$ 958,412
Cash received from interfund services provided	-	11,669	-	11,669
Interfund reimbursements	(8,526)	-	-	(8,526)
Cash payments to suppliers for goods and services	(235,998)	(65,070)	(110,564)	(411,632)
Cash payments to employees and related taxes and insurance	(287,854)	-	(33)	(287,887)
Other operating revenues	6,388	4,977	9	11,374
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>73,623</b>	<b>156,869</b>	<b>42,918</b>	<b>273,410</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Proceeds from interfund advances	(8,500)	-	-	(8,500)
Transfers (out)	(76,250)	-	(14,824)	(91,074)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(84,750)</b>	<b>-</b>	<b>(14,824)</b>	<b>(99,574)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(33,934)	(118,145)	-	(152,079)
Issuance of long-term debt	-	118,145	-	118,145
Principal paid on long-term debt	-	(39,382)	-	(39,382)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(33,934)</b>	<b>(39,382)</b>	<b>-</b>	<b>(73,316)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	42,961	-	-	42,961
Purchases of investments	-	(88,897)	(536)	(89,433)
Interest on investments	7,315	10,492	4,666	22,473
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>50,276</b>	<b>(78,405)</b>	<b>4,130</b>	<b>(23,999)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,215</b>	<b>39,082</b>	<b>32,224</b>	<b>76,521</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>66,253</b>	<b>151,243</b>	<b>20,734</b>	<b>238,230</b>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 71,468</b>	<b>\$ 190,325</b>	<b>\$ 52,958</b>	<b>\$ 314,751</b>



**BAY COUNTY  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>PUBLIC COURSE</b>	<b>DELINQUENT GOLF FORECLOSURE</b>	<b>PROPERTY TAX COMMISSARY</b>	<b>TOTAL</b>
<hr/>				
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 18,218	\$ 139,201	\$ 42,836	\$ 200,255
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	57,964	9,842	-	67,806
Changes in assets and liabilities:				
Accounts receivable	(622)	-	2,004	1,382
Due from other governmental units	(254)	-	-	(254)
Accrued interest receivable	909	(1,778)	(319)	(1,188)
Inventories	5,140	-	-	5,140
Due from other funds	(8,500)	11,669	-	3,169
Accounts payable	1,596	(2,065)	-	(469)
Accrued items and other liabilities	(2,411)	-	(1,570)	(3,981)
Accrued vacation and sick pay, current	1,102	-	-	1,102
Due to other funds	(26)	-	-	(26)
Due to other governmental units	(1,028)	-	(33)	(1,061)
Unearned revenue	1,535	-	-	1,535
	<hr/>			
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 73,623</b>	<b>\$ 156,869</b>	<b>\$ 42,918</b>	<b>\$ 273,410</b>
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## Internal Service Funds

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*Internal Service funds* account for the financing of goods or services provided to other funds, departments or agencies of the primary government and its component units or to other governmental units on a cost-reimbursement basis.

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The Self-Insurance Fund was established by the County to provide its own insurance coverage to its departments or funds for workers' compensation, sickness and accident, and unemployment compensation. It is funded by charges to the various funds covered under the program, with all claims being paid from the fund.

The Self-Insurance Healthcare Fund was established by the County to provide its own insurance coverage to its departments or funds for employee health care.

**BAY COUNTY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	<b>HEALTHCARE</b>		
	<b>SELF</b>	<b>SELF</b>	
	<b>INSURANCE</b>	<b>INSURANCE</b>	<b>TOTAL</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 1,178,309	\$ 1,568,395	\$ 2,746,704
Investments	506,208	-	506,208
Accounts receivable, net of allowance	29	7,274	7,303
Accrued interest receivable	12,791	-	12,791
Due from other funds	20,923	-	20,923
Due from component units	1,466	-	1,466
Prepaid items and other current assets	7,598	59,700	67,298
<b>TOTAL ASSETS</b>	<b>1,727,324</b>	<b>1,635,369</b>	<b>3,362,693</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	604	-	604
Accrued items and other liabilities	77,094	-	77,094
Due to other funds	8	-	8
Due to other governmental units	200	-	200
Claims, settlements, and judgments	331,897	222,087	553,984
<b>TOTAL CURRENT LIABILITIES</b>	<b>409,803</b>	<b>222,087</b>	<b>631,890</b>
<b>LONG-TERM LIABILITIES</b>			
Claims, settlements, and judgments	112,122	-	112,122
Accrued vacation and sick pay	945	-	945
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>113,067</b>	<b>-</b>	<b>113,067</b>
<b>TOTAL LIABILITIES</b>	<b>522,870</b>	<b>222,087</b>	<b>744,957</b>
<b>NET ASSETS</b>			
Reserved:			
Insurance claims	1,204,454	1,088,617	2,293,071
Advances from General Fund	-	324,665	324,665
<b>Total net assets</b>	<b>\$ 1,204,454</b>	<b>\$ 1,413,282</b>	<b>\$ 2,617,736</b>

**BAY COUNTY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>HEALTHCARE</b>		
	<b>SELF</b>	<b>SELF</b>	
	<b>INSURANCE</b>	<b>INSURANCE</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 648,762	\$ 4,686,651	\$ 5,335,413
Reimbursements, refunds, and other revenues	11,414	78,980	90,394
<b>TOTAL OPERATING REVENUES</b>	<b>660,176</b>	<b>4,765,631</b>	<b>5,425,807</b>
<b>OPERATING EXPENSES</b>			
Personal services	393,704	3,679,028	4,072,732
Supplies	76	-	76
Other services	64,927	780,299	845,226
<b>TOTAL OPERATING EXPENSES</b>	<b>458,707</b>	<b>4,459,327</b>	<b>4,918,034</b>
<b>OPERATING INCOME</b>	<b>201,469</b>	<b>306,304</b>	<b>507,773</b>
<b>NONOPERATING REVENUE</b>			
Interest income	67,655	-	67,655
<b>CHANGE IN NET ASSETS</b>	<b>269,124</b>	<b>306,304</b>	<b>575,428</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>935,330</b>	<b>1,106,978</b>	<b>2,042,308</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,204,454</b>	<b>\$ 1,413,282</b>	<b>\$ 2,617,736</b>

**BAY COUNTY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>HEALTHCARE</b>		
	<b>SELF</b>	<b>SELF</b>	
	<b>INSURANCE</b>	<b>INSURANCE</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from interfund services provided	\$ 649,266	\$ 4,691,451	\$ 5,340,717
Interfund reimbursements	4,062	-	4,062
Cash payments to suppliers for goods and services	(39,782)	(290,360)	(330,142)
Cash payments to employees and related taxes and insurance	(383,922)	(3,692,895)	(4,076,817)
Other operating revenues	11,414	78,980	90,394
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>241,038</b>	<b>787,176</b>	<b>1,028,214</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Claims, settlements and judgments - long term	77,242	-	77,242
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments	200,376	-	200,376
Interest on investments	67,655	-	67,655
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>268,031</b>	<b>-</b>	<b>268,031</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>586,311</b>	<b>787,176</b>	<b>1,373,487</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>591,998</b>	<b>781,219</b>	<b>1,373,217</b>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 1,178,309</b>	<b>\$ 1,568,395</b>	<b>\$ 2,746,704</b>

**BAY COUNTY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>HEALTHCARE</b>		
	<b>SELF</b>	<b>SELF</b>	
	<b>INSURANCE</b>	<b>INSURANCE</b>	<b>TOTAL</b>
<hr/>			
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 201,469	\$ 306,304	\$ 507,773
Adjustments to reconcile operating income to net cash provided by operating activities			
Changes in assets and liabilities:			
Accounts receivable	634	841	1,475
Accrued interest receivable	446	-	446
Due from other funds	4,067	-	4,067
Due from component units	(576)	3,959	3,383
Prepaid items and other current assets	24,681	489,939	514,620
Accounts payable	540	-	540
Accrued items and other liabilities	(13,137)	-	(13,137)
Due to other funds	(5)	-	(5)
Due to other governmental units	(1,373)	-	(1,373)
Claims, settlements, and judgments	24,470	(13,867)	10,603
Accrued vacation and sick pay	(178)	-	(178)
	<hr/>		
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 241,038</b>	<b>\$ 787,176</b>	<b>\$ 1,028,214</b>
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## Fiduciary Funds

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*Fiduciary funds* account for assets held by the County in a trustee or agent capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. The Bay County Fiduciary funds encompass three broad categories: Private-Purpose Trust, Pension and Other Benefits Trust, and Agency funds. Private-Purpose Trust funds result from the County's agreement to accept resources and spend them in ways specified by the donor. Pension and Other Benefits Trust funds account for contributions from the County. They also invest fund resources, and calculate and pay pensions and other benefits to retirees and beneficiaries. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds.

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The Probate Court Trust Fund is used to account for individual donations made to the court and their subsequent disbursement to assist youths.

The Inmate Trust Fund is used to account for deposits from inmates at the Bay County Law Enforcement Center and related expenses to maintain the fund.

The Employees' Retirement System Fund is used to account for the financial transactions of the Bay County Employees' Retirement System. The system is administered by the Retirement Board of Trustees, while the County acts as custodian for the System.

The Public Employee Health Care Fund is used to accumulate financial resources in order to provide medical benefits for retirees', their spouses and dependents.

The General Agency Fund is used to account for resources held by the County, which were received from various sources, and their subsequent disbursement to other parties.

The Current Tax Collection Fund is used to account for the collection of current property taxes and special assessments held by the County in a trustee capacity and the subsequent distribution to the appropriate local governmental unit or County fund.

The Library Penal Fine Fund is used to account for penal fines received by the District and Circuit courts and distributed to public libraries, as directed by the State Library Board and the County's Law Library Fund per State Act 286 of 1961.

The Flexible Spending Plan Fund is used to account for a portion of employee wages voluntarily set aside on a pre-tax basis to cover unreimbursed medical expenses and/or dependent day care expenses. The County holds these funds in a trustee capacity and reimburses the participating employees for eligible expenses.

**BAY COUNTY  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	<b>PROBATE COURT TRUST</b>	<b>INMATE TRUST</b>	<b>TOTAL</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 44,806	\$ 9,782	\$ 54,588
<b>LIABILITIES</b>			
Accrued items and other liabilities	44,806	9,151	53,957
<b>NET ASSETS</b>			
Held in trust for specific programs	\$ -	\$ 631	\$ 631



**BAY COUNTY  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>PROBATE COURT TRUST</b>	<b>INMATE TRUST</b>	<b>TOTAL</b>
<b>ADDITIONS</b>			
Interest	\$ -	\$ 105	\$ 105
<b>DEDUCTIONS</b>			
Other services	-	69	69
<b>CHANGE IN NET ASSETS</b>	-	36	36
NET ASSETS, BEGINNING OF YEAR	-	595	595
<b>NET ASSETS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 631</u>	<u>\$ 631</u>

**BAY COUNTY**  
**EMPLOYEE PENSION AND OTHER BENEFITS TRUST FUNDS**  
**COMBINING STATEMENT OF PLAN NET ASSETS**  
**DECEMBER 31, 2007**

	<b>EMPLOYEES' RETIREMENT SYSTEM</b>	<b>PUBLIC EMPLOYEE HEALTH CARE</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Investments at fair value:			
Common stock	\$ 170,946,995	\$ 22,090,741	\$ 193,037,736
Corporate bonds	22,626,115	-	22,626,115
Governmental securities	27,403,094	-	27,403,094
Short-term investment funds	11,310,701	123,523	11,434,224
Convertible bonds	20,395,205	-	20,395,205
Other	1,084,892	-	1,084,892
Total investments	253,767,002	22,214,264	275,981,266
Receivables:			
Interest and dividends	783,419	148,720	932,139
Accounts	906,244	110,065	1,016,309
Total receivables	1,689,663	258,785	1,948,448
Other current assets:			
Due from component units	42,242	-	42,242
<b>TOTAL ASSETS</b>	<b>255,498,907</b>	<b>22,473,049</b>	<b>277,971,956</b>
<b>LIABILITIES</b>			
Accounts payable	382,100	22,896	404,996
Accrued items and other liabilities	884,210	148,368	1,032,578
Accrued vacation and sick pay	3,778	-	3,778
Due to other governmental units	220	-	220
<b>TOTAL LIABILITIES</b>	<b>1,270,308</b>	<b>171,264</b>	<b>1,441,572</b>
<b>NET ASSETS</b>			
Held in trust for pension and healthcare benefits	\$ 254,228,599	\$ 22,301,785	\$ 276,530,384

A schedule of funding progress for the Employees' Retirement System is presented on page 104.

**BAY COUNTY**  
**EMPLOYEE PENSION AND OTHER BENEFITS TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>EMPLOYEES' RETIREMENT SYSTEM</b>	<b>PUBLIC EMPLOYEE HEALTH CARE</b>	<b>TOTAL</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 706,090	\$ 2,079,379	\$ 2,785,469
Plan members	1,123,376	-	1,123,376
Total contributions	1,829,466	2,079,379	3,908,845
Investment income:			
Net appreciation in fair value of investments	14,034,991	(256,946)	13,778,045
Interest and dividends	5,698,831	588,383	6,287,214
Less investment expense	(1,869,322)	(37,579)	(1,906,901)
Net investment income	17,864,500	293,858	18,158,358
Other revenue	170,284	-	170,284
<b>TOTAL ADDITIONS</b>	19,864,250	2,373,237	22,237,487
<b>DEDUCTIONS</b>			
Benefits	8,723,428	-	8,723,428
Administrative expenses	143,182	11,077	154,259
Refunds of contributions	346,143	-	346,143
Capital outlay	6,610	-	6,610
<b>TOTAL DEDUCTIONS</b>	9,219,363	11,077	9,230,440
<b>CHANGE IN NET ASSETS</b>	10,644,887	2,362,160	13,007,047
<b>NET ASSETS HELD IN TRUST FOR PENSION AND HEALTHCARE BENEFITS:</b>			
BEGINNING OF YEAR	243,583,712	19,939,625	263,523,337
<b>END OF YEAR</b>	<u>\$ 254,228,599</u>	<u>\$ 22,301,785</u>	<u>\$ 276,530,384</u>

**BAY COUNTY  
AGENCY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	<b>GENERAL AGENCY</b>	<b>CURRENT TAX COLLECTION</b>	<b>LIBRARY PENAL FINE</b>	<b>FLEXIBLE SPENDING PLAN</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,135,723	\$ 145,688	\$ 51,500	\$ 31,406	\$ 7,364,317
Investments	4,299,224	-	-	-	4,299,224
Accounts receivable	4,665	-	-	-	4,665
Due from other funds	-	-	34,313	-	34,313
<b>TOTAL ASSETS</b>	<b>\$ 11,439,612</b>	<b>\$ 145,688</b>	<b>\$ 85,813</b>	<b>\$ 31,406</b>	<b>\$ 11,702,519</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 855	\$ -	\$ -	\$ -	\$ 855
Accrued items and other liabilities	114,250	-	-	20,009	134,259
Due to other funds	34,313	-	-	-	34,313
Due to component units	10,871,352	145,688	85,813	-	11,102,853
Due to other governmental units	271,397	-	-	-	271,397
Deposits	135,969	-	-	-	135,969
Undistributed taxes	11,476	-	-	-	11,476
Advances	-	-	-	11,397	11,397
<b>TOTAL LIABILITIES</b>	<b>\$ 11,439,612</b>	<b>\$ 145,688</b>	<b>\$ 85,813</b>	<b>\$ 31,406</b>	<b>\$ 11,702,519</b>

**BAY COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	BALANCE JANUARY 1, 2007	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2007
<b><u>GENERAL AGENCY FUND</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,546,655	\$ 46,791,116	\$ 41,202,048	\$ 7,135,723
Investments	7,741,929	4,299,224	7,741,929	4,299,224
Accounts receivable	6,374	13,545	15,254	4,665
Due from other governmental units	1,000	-	1,000	-
<b>TOTAL ASSETS</b>	<b>\$ 9,295,958</b>	<b>\$ 51,103,885</b>	<b>\$ 48,960,231</b>	<b>\$ 11,439,612</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 700	\$ 81,643	\$ 81,488	\$ 855
Accrued items and other liabilities	271,420	130,929	288,099	114,250
Due to other funds	-	43,147	8,834	34,313
Due to component units	8,587,828	10,899,540	8,616,016	10,871,352
Due to other governmental units	272,484	20,187,031	20,188,118	271,397
Deposits	148,271	35,271	47,573	135,969
Undistributed taxes	15,255	259,274	263,053	11,476
<b>TOTAL LIABILITIES</b>	<b>\$ 9,295,958</b>	<b>\$ 31,636,835</b>	<b>\$ 29,493,181</b>	<b>\$ 11,439,612</b>
<b><u>CURRENT TAX COLLECTION FUND</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 124,891	\$ 32,035,136	\$ 32,014,339	\$ 145,688
Due from other funds	-	10,254,476	10,254,476	-
<b>TOTAL ASSETS</b>	<b>\$ 124,891</b>	<b>\$ 42,289,612</b>	<b>\$ 42,268,815</b>	<b>\$ 145,688</b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 8,503,271	\$ 8,503,271	\$ -
Due to component units	124,891	2,322,518	2,301,721	145,688
Undistributed taxes	-	32,678,793	32,678,793	-
<b>TOTAL LIABILITIES</b>	<b>\$ 124,891</b>	<b>\$ 43,504,582</b>	<b>\$ 43,483,785</b>	<b>\$ 145,688</b>
<b><u>LIBRARY PENAL FINE</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 33,083	\$ 459,766	\$ 441,349	\$ 51,500
Accounts receivable	26,294	-	26,294	-
Due from other funds	-	34,313	-	34,313
<b>TOTAL ASSETS</b>	<b>\$ 59,377</b>	<b>\$ 494,079</b>	<b>\$ 467,643</b>	<b>\$ 85,813</b>
<b>LIABILITIES</b>				
Due to component units	\$ 59,377	\$ 467,785	\$ 441,349	\$ 85,813

(Continued)

**BAY COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>BALANCE JANUARY 1, 2007</b>			<b>BALANCE DECEMBER 31, 2007</b>		
		<b>ADDITIONS</b>	<b>DEDUCTIONS</b>			
<b><u>FLEXIBLE SPENDING PLAN FUND</u></b>						
<b>ASSETS</b>						
Cash and cash equivalents	\$ 28,799	\$ 23,780	\$ 21,173	\$		31,406
<b>LIABILITIES</b>						
Accrued items and other liabilities	\$ 17,402	\$ 23,780	\$ 21,173	\$		20,009
Advances	11,397	-	-			11,397
<b>TOTAL LIABILITIES</b>	<b>\$ 28,799</b>	<b>\$ 23,780</b>	<b>\$ 21,173</b>	<b>\$</b>		<b>31,406</b>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>						
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,733,428	\$ 79,309,798	\$ 73,678,909	\$		7,364,317
Investments	7,741,929	4,299,224	7,741,929			4,299,224
Accounts receivable	32,668	13,545	41,548			4,665
Due from other funds	-	34,313	-			34,313
Due from other governmental units	1,000	-	1,000			-
<b>TOTAL ASSETS</b>	<b>\$ 9,509,025</b>	<b>\$ 83,656,880</b>	<b>\$ 81,463,386</b>	<b>\$</b>		<b>11,702,519</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 700	\$ 81,643	\$ 81,488	\$		855
Accrued items and other liabilities	288,822	154,709	309,272			134,259
Due to other funds	-	8,546,418	8,512,105			34,313
Due to component units	8,772,096	13,689,843	11,359,086			11,102,853
Due to other governmental units	272,484	20,187,031	20,188,118			271,397
Deposits	148,271	35,271	47,573			135,969
Undistributed taxes	15,255	32,938,067	32,941,846			11,476
Advances	11,397	-	-			11,397
<b>TOTAL LIABILITIES</b>	<b>\$ 9,509,025</b>	<b>\$ 75,632,982</b>	<b>\$ 73,439,488</b>	<b>\$</b>		<b>11,702,519</b>

## **Library System**

The Library System was established to account for the operations of the Bay County Library System, a component unit of Bay County, which provides services and materials in a variety of formats to satisfy the educational, personal and professional interests of the community with funds primarily raised through local property taxes.

**BAY COUNTY**  
**LIBRARY SYSTEM COMPONENT UNIT**  
**STATEMENT OF NET ASSETS AND BALANCE SHEET - GOVERNMENTAL FUND**  
**DECEMBER 31, 2007**

	<b>LIBRARY SYSTEM</b>	<b>ADJUSTMENTS</b>	<b>STATEMENT OF ACTIVITIES</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 4,547,343	\$ -	\$ 4,547,343
Property taxes receivable, net of allowance	5,750,500	-	5,750,500
Accrued interest receivable	36,840	-	36,840
Due from primary government	111,809	-	111,809
Prepaid items and other current assets	104,015	-	104,015
<b>TOTAL CURRENT ASSETS</b>	<b>10,550,507</b>	<b>-</b>	<b>10,550,507</b>
<b>CAPITAL ASSETS</b>			
Land	-	107,487	107,487
Land improvements	-	85,949	85,949
Buildings and improvements	-	1,115,464	1,115,464
Machinery and equipment	-	121,040	121,040
Office furniture and fixtures	-	1,229,147	1,229,147
Books and audio/visual materials	-	2,121,110	2,121,110
Vehicles and other	-	182,770	182,770
Less accumulated depreciation	-	(2,523,813)	(2,523,813)
<b>TOTAL CAPITAL ASSETS</b>	<b>-</b>	<b>2,439,154</b>	<b>2,439,154</b>
<b>TOTAL ASSETS</b>	<b>\$ 10,550,507</b>	<b>\$ 2,439,154</b>	<b>12,989,661</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 88,569	\$ -	88,569
Accrued items and other liabilities	26,820	-	26,820
Deferred / unearned revenue	5,750,500	-	5,750,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,865,889</b>	<b>-</b>	<b>5,865,889</b>
<b>NONCURRENT LIABILITIES</b>			
Accrued vacation and sick pay, long term	-	121,749	121,749
<b>TOTAL LIABILITIES</b>	<b>5,865,889</b>	<b>121,749</b>	<b>5,987,638</b>
<b>FUND BALANCES</b>			
Unreserved:			
Designated for projects and activities	3,244,944	(3,244,944)	-
Undesignated	1,439,674	(1,439,674)	-
<b>TOTAL FUND BALANCES</b>	<b>4,684,618</b>	<b>(4,684,618)</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,550,507</b>		
<b>NET ASSETS</b>			
Invested in capital assets		2,439,154	2,439,154
Unrestricted		4,562,869	4,562,869
<b>TOTAL NET ASSETS</b>		<b>\$ 7,002,023</b>	<b>\$ 7,002,023</b>



**BAY COUNTY**  
**LIBRARY SYSTEM COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>LIBRARY SYSTEM</b>	<b>ADJUSTMENTS</b>	<b>STATEMENT OF ACTIVITIES</b>
<b>REVENUES</b>			
Property and other taxes	\$ 2,829,209	\$ -	\$ 2,829,209
Federal grants	4,007	-	4,007
State grants	86,898	-	86,898
Interest income	253,341	-	253,341
Charges for services	536,158	-	536,158
Donations	80,145	-	80,145
<b>TOTAL REVENUES</b>	<b>3,789,758</b>	<b>-</b>	<b>3,789,758</b>
<b>EXPENDITURES / EXPENSES</b>			
Current			
Recreation and culture	3,755,831	(184,202)	3,571,629
Depreciation	-	591,620	591,620
Capital outlay	10,880	-	10,880
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>3,766,711</b>	<b>407,418</b>	<b>4,174,129</b>
<b>NET CHANGE IN FUND BALANCES / NET ASSETS</b>	<b>23,047</b>	<b>(407,418)</b>	<b>(384,371)</b>
<b>FUND BALANCE / NET ASSETS, BEGINNING OF YEAR</b>	<b>4,661,571</b>	<b>2,724,823</b>	<b>7,386,394</b>
<b>FUND BALANCE / NET ASSETS, END OF YEAR</b>	<b>\$ 4,684,618</b>	<b>\$ 2,317,405</b>	<b>\$ 7,002,023</b>

### **III. STATISTICAL SECTION**

**The Statistical Section contains comprehensive data, frequently covering the last ten years, relating to the financial, economic, demographic, and operational characteristics of Bay County.**

## STATISTICAL SECTION

This part of the County of Bay's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	145-148
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	149-153
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	154-158
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government 's financial activities take place.</i>	159-160
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	161-163

**BAY COUNTY**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>Fiscal Year</b>									
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,658	\$ 17,565	\$ 26,080	\$ 27,330	\$ 28,501
Restricted	-	-	-	-	-	11,990	9,713	8,761	12,594	10,806
Unrestricted	-	-	-	-	-	6,015	6,277	7,469	9,259	11,991
Total governmental activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,663</u>	<u>\$ 33,555</u>	<u>\$ 42,310</u>	<u>\$ 49,183</u>	<u>\$ 51,298</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,888	\$ 10,431	\$ 10,753	\$ 10,248	\$ 9,682
Restricted	-	-	-	-	-	-	-	525	-	-
Unrestricted	-	-	-	-	-	13,954	10,681	9,362	10,787	11,731
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,842</u>	<u>\$ 21,112</u>	<u>\$ 20,640</u>	<u>\$ 21,035</u>	<u>\$ 21,413</u>
Primary government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,546	\$ 27,996	\$ 36,833	\$ 37,578	\$ 38,183
Restricted	-	-	-	-	-	11,990	9,713	9,286	12,594	10,806
Unrestricted	-	-	-	-	-	19,969	16,958	16,831	20,046	23,722
Total primary activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,505</u>	<u>\$ 54,667</u>	<u>\$ 62,950</u>	<u>\$ 70,218</u>	<u>\$ 72,711</u>

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

**BAY COUNTY**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>										
Governmental activities:										
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,790	\$ 9,857	\$ 9,328	\$ 10,152	\$ 10,064
Community and economic development	-	-	-	-	-	253	235	146	99	161
Health and welfare	-	-	-	-	-	10,593	10,998	10,292	10,256	10,229
Public works	-	-	-	-	-	5	7	6	5	7
General government	-	-	-	-	-	9,369	10,296	8,835	11,104	9,675
Judicial	-	-	-	-	-	5,459	5,636	5,691	5,986	6,200
Legislative	-	-	-	-	-	455	470	451	461	476
Recreation and culture	-	-	-	-	-	2,397	1,981	1,865	1,860	1,886
Other functions	-	-	-	-	-	1,226	971	1,158	1,293	1,296
Interest on long-term debt	-	-	-	-	-	1,859	1,447	1,382	1,239	1,141
Total governmental activities expenses	-	-	-	-	-	40,406	41,898	39,154	42,455	41,135
Business-type activities:										
Medical Care Facility	-	-	-	-	-	14,623	15,490	15,935	18,627	18,572
100% Tax Payment	-	-	-	-	-	119	115	122	123	119
Golf Course	-	-	-	-	-	498	530	545	637	586
Delinquent Property Tax Foreclosure	-	-	-	-	-	-	-	65	69	73
Commissary	-	-	-	-	-	97	113	115	118	109
Housing	-	-	-	-	-	482	491	574	577	619
Total business-type activities expenses	-	-	-	-	-	15,819	16,739	17,356	20,151	20,078
Total primary government expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,225	\$ 58,637	\$ 56,510	\$ 62,606	\$ 61,213
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,494	\$ 1,572	\$ 1,698	\$ 1,569	\$ 1,649
Health and welfare	-	-	-	-	-	3,229	3,081	1,980	2,193	2,266
General government	-	-	-	-	-	3,119	3,385	3,151	3,071	3,000
Community and economic development	-	-	-	-	-	-	-	-	6	21
Public works	-	-	-	-	-	-	-	-	23	6
Judicial	-	-	-	-	-	2,334	2,368	2,273	2,392	2,460
Legislative	-	-	-	-	-	-	-	-	-	3
Recreation and culture	-	-	-	-	-	1,251	1,289	1,344	1,739	1,254
Other	-	-	-	-	-	63	63	33	54	83
Operating grants and contributions	-	-	-	-	-	7,215	7,856	7,946	8,129	7,891
Capital grants and contributions	-	-	-	-	-	158	67	-	195	-
Total governmental activities program revenues	-	-	-	-	-	18,863	19,681	18,425	19,371	18,633

Table 2

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Business-type activities:										
Charges for services										
Medical Care Facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,649	\$ 13,983	\$ 13,746	\$ 16,942	\$ 17,219
100 % Tax Payment	-	-	-	-	-	786	741	833	862	822
Golf Course	-	-	-	-	-	601	570	555	548	598
Delinquent Property Tax Foreclosure	-	-	-	-	-	-	-	99	202	207
Commissary	-	-	-	-	-	118	132	142	158	152
Housing	-	-	-	-	-	173	205	228	238	251
Operating grants and contributions	-	-	-	-	-	343	226	304	170	195
Capital grants and contributions	-	-	-	-	-	-	-	-	44	35
Total business-type activities program revenues	-	-	-	-	-	15,670	15,857	15,907	19,164	19,479
Total primary government program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,533	\$ 35,538	\$ 34,332	\$ 38,535	\$ 38,112
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,543)	\$ (22,217)	\$ (20,729)	\$ (23,084)	\$ (22,502)
Business-type activities	-	-	-	-	-	(149)	(882)	(1,449)	(987)	(599)
Total primary government net expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,692)	\$ (23,099)	\$ (22,178)	\$ (24,071)	\$ (23,101)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,444	\$ 23,900	\$ 24,905	\$ 26,710	\$ 22,059
Unrestricted grants and contributions	-	-	-	-	-	2,179	654	-	-	-
Unrestricted investment earnings	-	-	-	-	-	462	377	677	1,013	1,239
Other revenue	-	-	-	-	-	1,633	409	2,949	1,525	347
Transfers - internal activities	-	-	-	-	-	531	768	1,009	724	972
Total governmental activities	-	-	-	-	-	23,249	26,108	29,540	29,972	24,617
Business-type activities:										
Property taxes	-	-	-	-	-	1,224	1,252	1,317	1,323	1,419
Unrestricted investment earnings	-	-	-	-	-	154	149	231	352	418
Other revenue	-	-	-	-	-	431	506	438	431	102
Transfers - internal activities	-	-	-	-	-	(531)	(768)	(1,009)	(724)	(972)
Total business-type activities	-	-	-	-	-	1,278	1,139	977	1,382	967
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,527	\$ 27,247	\$ 30,517	\$ 31,354	\$ 25,584
<b>Change in Net Assets</b>										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,706	\$ 3,891	\$ 8,811	\$ 6,888	\$ 2,115
Business-type activities	-	-	-	-	-	1,129	257	(472)	395	368
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,835	\$ 4,148	\$ 8,339	\$ 7,283	\$ 2,483

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

**BAY COUNTY**  
**Governmental Activities Tax Revenue By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Tax</b>
1998	\$ -
1999	-
2000	-
2001	-
2002	-
2003	18,443,783
2004	23,900,464
2005	24,905,105
2006	26,709,969
2007	22,058,685

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

**BAY COUNTY**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,711	\$ 2,820	\$ 3,376	\$ 3,161	\$ 2,564
Unreserved	-	-	-	-	-	1,153	1,497	1,664	2,296	3,806
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,864</u>	<u>\$ 4,317</u>	<u>\$ 5,040</u>	<u>\$ 5,457</u>	<u>\$ 6,370</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,054	\$ 9,705	\$ 8,290	\$ 12,267	\$ 10,637
Unreserved	-	-	-	-	-	2,879	3,310	3,637	3,845	4,774
Special revenue funds	-	-	-	-	-	2,879	3,310	3,637	3,845	4,774
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,933</u>	<u>\$ 13,015</u>	<u>\$ 11,927</u>	<u>\$ 16,112</u>	<u>\$ 15,411</u>

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.



**BAY COUNTY**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>										
Property taxes and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,342	\$ 23,959	\$ 24,889	\$ 26,253	\$ 21,789
Licenses and permits	-	-	-	-	-	352	352	368	373	377
Federal grants	-	-	-	-	-	3,222	3,531	3,395	3,593	4,064
State grants	-	-	-	-	-	5,418	4,125	3,347	3,820	2,972
Interest, rents and royalties	-	-	-	-	-	1,501	1,451	1,739	2,003	2,265
Charges for services	-	-	-	-	-	4,267	3,389	3,363	3,288	3,272
Fines and forfeits	-	-	-	-	-	1,031	971	900	945	928
Reimbursements, refunds and other revenue	-	-	-	-	-	7,317	7,406	9,064	8,013	6,376
Insurance recoveries/proceeds	-	-	-	-	-	11	-	1	-	-
Total revenues	-	-	-	-	-	41,461	45,184	47,066	48,288	42,043
<b>Expenditures</b>										
Legislative	-	-	-	-	-	454	480	463	478	485
Judicial	-	-	-	-	-	5,281	5,311	5,483	5,829	5,975
General government	-	-	-	-	-	9,217	8,987	8,938	9,035	9,066
Public safety	-	-	-	-	-	8,681	9,478	9,621	10,258	10,289
Public works	-	-	-	-	-	5	7	6	6	7
Health and welfare	-	-	-	-	-	11,320	10,600	9,937	10,356	10,206
Community and economic development	-	-	-	-	-	256	233	157	129	195
Recreation and culture	-	-	-	-	-	2,262	1,867	1,839	1,851	1,908
Other functions	-	-	-	-	-	1,244	995	1,164	1,293	1,296
Capital outlay	-	-	-	-	-	8,639	5,597	7,159	1,185	21
Debt service:										
Principal	-	-	-	-	-	1,468	2,421	2,248	2,817	2,217
Interest and other fees	-	-	-	-	-	1,606	1,468	1,393	1,296	1,155
Total expenditures	-	-	-	-	-	50,433	47,444	48,408	44,533	42,820
Excess of revenues over (under) expenditures	-	-	-	-	-	(8,972)	(2,260)	(1,342)	3,755	(777)

Table 5

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Other financing sources (uses)</b>										
Proceeds from capital leases	\$ -	\$ -	\$ -	\$ -	\$ -	53	\$ 2,035	\$ -	\$ -	\$ -
Transfers in	-	-	-	-	-	6,768	(2,022)	10,068	9,390	7,675
Payment to escrow agents to refund debt	-	-	-	-	-	-	8,170	-	(7,394)	-
Insurance recoveries/proceeds	-	-	-	-	-	-	-	-	26	18
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	7,205	-
Bond premium	-	-	-	-	-	-	-	-	300	-
Transfers (out)	-	-	-	-	-	(6,224)	(7,388)	(9,059)	(8,666)	(6,703)
Total other financing sources (uses)	-	-	-	-	-	597	795	1,009	861	990
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	(8,375)	\$ (1,465)	\$ (333)	\$ 4,616	\$ 213
Debt service as a percentage of noncapital expenditures						7.65%	9.41%	9.03%	9.60%	8.06%

**BAY COUNTY**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property Tax
1998	\$ -
1999	-
2000	-
2001	-
2002	-
2003	18,342
2004	23,959
2005	24,889
2006	26,253
2007	21,788

Data prior to 2003 is not available as the County implemented GASB 34 in 2003.

**BAY COUNTY**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

<b>Fiscal Year Ended December 31,</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Assessed Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Residential</b>	<b>Commercial</b>					
1998	\$ 1,290,792	\$ 274,566	\$ 220,183	\$ 1,785,541	9.9499	\$ 3,571,082	50.00%
1999	1,395,294	291,450	235,085	1,921,829	9.9476	3,843,658	50.00%
2000	1,516,962	319,927	227,801	2,064,690	10.9469	4,129,380	50.00%
2001	1,637,046	330,136	252,895	2,220,077	10.9471	4,440,154	50.00%
2002	1,756,819	343,859	255,154	2,355,832	10.9486	4,711,664	50.00%
2003	1,892,485	362,139	250,125	2,504,749	10.9486	5,009,498	50.00%
2004	1,994,489	374,267	249,474	2,618,230	11.0326	5,236,460	50.00%
2005	2,095,440	385,772	256,049	2,737,261	10.9338	5,474,522	50.00%
2006	2,174,998	407,663	254,809	2,837,470	9.7100	5,674,940	50.00%
2007	2,217,444	424,455	263,508	2,905,407	10.8096	5,810,814	50.00%

Source: Bay County Equalization Department

Note: Property in the county is reassessed annually. The county assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of taxable value.

**BAY COUNTY**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Bay County					Overlapping Rates										Total Direct & Overlapping Rates
					Cities										
Fiscal Year (1) (2)	Operating Millage	Special Millage	Debt Millage	Total County Millage	SET Schools (3)	Inter- mediate Schools	Community College	Townships	Auburn	Bay City	Essexville	Pinconning	Midland		
1998	5.7540	4.1959	0.0000	9.9499	6.0000	0.1910	2.0427	1.3500	14.0000	23.9600	11.4000	15.0000	11.6000	95.4936	
1999	5.7528	4.1948	0.0000	9.9476	6.0000	0.1908	2.0427	1.3500	14.0000	23.8700	10.4170	15.0000	12.1200	94.9381	
2000	5.7528	5.1941	0.0000	10.9469	6.0000	0.1907	2.0427	1.3500	16.0000	21.7500	15.2130	15.0000	12.4800	100.9733	
2001	5.7528	5.1943	0.0000	10.9471	6.0000	0.1907	2.5427	1.3500	16.0000	21.4000	15.3775	15.0000	12.0000	100.8080	
2002	5.7528	5.1958	0.0000	10.9486	6.0000	0.1907	2.5427	1.3500	16.0000	21.4000	14.9538	15.0000	11.6700	100.0558	
2003	5.7528	5.1958	0.0000	10.9486	5.0000	0.1906	2.5427	1.3500	16.0000	21.2027	15.2728	14.8530	12.9000	100.2604	
2004	5.7441	5.2885	0.0000	11.0326	6.0000	0.1901	2.5427	1.3500	16.0000	21.2027	15.2700	14.8530	12.9000	101.3411	
2005	5.7441	5.1897	0.0000	10.9338	6.0000	0.1899	2.0427	1.3500	16.0000	20.0505	15.3481	14.7965	9.7900	96.5015	
2006	5.7257	3.9843	0.0000	9.7100	6.0000	0.1891	2.0427	1.3500	16.0000	19.4532	15.3967	14.7965	12.1000	97.0382	
2007	5.7257	5.0839	0.0000	10.8096	6.0000	0.1891	2.0427	1.3500	16.0000	19.5503	15.6436	14.7965	12.2400	98.6218	

Source: Bay County Equalization Department

(1) Rates reduced to comply with the Headlee Amendment.

(2) This is the year in which the tax is levied. 2002 refers to the 2003 tax collection, 2003 refers to the 2004 tax collection, and so on.

(3) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

**BAY COUNTY**  
**Principal Property Taxpayers**

Table 8

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 260,897,786	1	8.66%	\$ 255,223,954	1	12.07%
General Motors/CPC	132,849,800	2	4.41%	111,196,850	2	5.26%
Dow Corning Corporation	58,100,961	3	1.93%	42,433,469	3	2.01%
S C Johnson	45,675,830	4	1.52%	18,731,900	6	0.89%
Monitor Sugar	25,542,868	5	0.85%	20,684,964	4	0.98%
Bay City Mall Associates	11,187,163	6	0.37%	11,307,650	7	0.53%
Meijer/Good Will Co. Inc	10,595,723	7	0.35%	-	-	-
Wal-Mart Real Estate	6,632,850	8	0.22%	-	-	-
Charter Communications	5,967,956	9	0.20%	-	-	-
Enbridge Energy	5,620,277	10	0.19%	-	-	-
Dow Chemical Corporation	-	-	-	18,769,431	5	0.89%
Thompson Bay Company, Inc.	-	-	-	10,310,700	8	0.49%
United Technologies	-	-	-	5,851,500	10	0.28%
Euclid Industries	-	-	-	5,955,502	9	0.28%
Totals	<u>\$ 563,071,214</u>		<u>18.70%</u>	<u>\$ 500,465,920</u>		<u>23.68%</u>

Source: Bay County Equalization Department

**BAY COUNTY**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquents Purchased by Treasurer	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
1998	\$ 11,872	\$ 11,087	93.39%	750	35	\$ 11,872	100.00%
1999	12,351	11,506	93.16%	807	30	12,343	99.94%
2000	12,648	11,705	92.54%	804	27	12,536	99.11%
2001	13,369	12,422	92.92%	794	39	13,253	99.13%
2002	14,121	13,274	94.00%	766	32	14,071	99.65%
2003	14,601	13,725	94.00%	793	41	14,549	99.64%
2004	15,107	14,205	94.03%	836	54	15,071	99.76%
2005	15,472	14,652	94.70%	789	35	15,466	99.96%
2006	16,177	15,392	95.15%	753	26	16,145	99.80%
2007	16,960	16,186	95.44%	747	(1)	16,933	99.84%

Source: Bay County Treasurer

(1) This information is not yet available.

**BAY COUNTY**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Capital Leases	Miscellaneous Payables				
1998	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	\$ -
1999	-	-	-	-	-	-	0.00%	-
2000	-	-	-	-	-	-	0.00%	-
2001	-	-	-	-	-	-	0.00%	-
2002	-	-	-	-	-	-	0.00%	-
2003	33,160,000	1,051,880	42,400	-	34,254,280	11.58%		314
2004	31,270,000	722,985	26,551	-	32,019,536	10.69%		294
2005	29,385,000	376,568	32,630	-	29,794,198	9.78%		274
2006	26,815,000	82,390	14,401	-	26,911,791	8.50%		249
2007	24,695,000	-	-	78,763	24,773,763	(2)		230

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.  
There are currently no outstanding debt issues in the Business-Type Activities of the Primary Government.

(1) See Statistical Table Number 15 for personal income and population data.

(2) This information is not yet available.

Data prior to 2003 is not available.

**BAY COUNTY**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita (1)</b>
1998	\$ -	\$ -	\$ -	0.00%	\$ -
1999	-	-	-	0.00%	-
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	33,160,000	-	33,160,000	1.31%	304
2004	31,270,000	-	31,270,000	1.18%	287
2005	29,385,000	-	29,385,000	1.06%	271
2006	26,815,000	-	26,815,000	0.93%	248
2007	24,695,000	-	24,695,000	0.82%	230

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.  
Taxable value provided by the Bay County Equalization Department.

(1) See Statistical Table Number 15 for population data.

Data prior to 2003 is not available.



**BAY COUNTY**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2007**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 271,202,810	75.45%	\$ 204,628,586
Subtotal, overlapping debt			<u>204,628,586</u>
Bay County direct debt			<u>37,966,951</u>
Total direct and overlapping debt			<u><u>\$ 242,595,537</u></u>

Sources: Debt outstanding and estimated share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bay County. This process recognizes that, when considering the government's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Applicable percentages were estimated by determining the portion of the county's taxable value that is within the government's boundaries and dividing it by the county's total taxable value.

**BAY COUNTY**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	<b>Fiscal Year</b>									
	<u><b>1998</b></u>	<u><b>1999</b></u>	<u><b>2000</b></u>	<u><b>2001</b></u>	<u><b>2002</b></u>	<u><b>2003</b></u>	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>
Debt limit	\$ 223,414	\$ 238,049	\$ 252,075	\$ 268,116	\$ 284,773	\$ 301,109	\$ 313,567	\$ 326,220	\$ 337,863	\$ 347,582
Total net debt applicable to limit	40,205	44,902	43,808	40,800	56,039	53,475	50,220	45,581	40,615	36,029
Legal debt margin	<u>\$ 183,209</u>	<u>\$ 193,147</u>	<u>\$ 208,267</u>	<u>\$ 227,316</u>	<u>\$ 228,734</u>	<u>\$ 247,634</u>	<u>\$ 263,347</u>	<u>\$ 280,639</u>	<u>\$ 297,248</u>	<u>\$ 311,553</u>
Total net debt applicable to the limit as a percentage of debt limit	18.00%	18.86%	17.38%	15.22%	19.68%	17.76%	16.02%	13.97%	12.02%	10.37%

**Legal Debt Margin Calculation for Fiscal Year 2007**

State equalized value of real property	\$ 3,212,309
State equalized value of personal property	263,509
Total state equalized value	<u>3,475,818</u>
Debt limit (10% of total state equalized value)	347,582
Debt applicable to limit: (1)	\$ 41,696
Less:	
Assets in Debt Service funds available for pymnt of principal	\$ 703
Debt not subject to legal debt limit:	
Special assessment debt	<u>4,964</u>
Total deductions	<u>5,667</u>
Total amount of debt applicable to debt limit	<u>36,029</u>
Legal debt margin	<u><u>\$ 311,553</u></u>

Note: Under state finance law Bay County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(1) Includes primary government and component units.

**BAY COUNTY**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

**Water Supply System No. 1 Revenue Bonds (1)**

<u>Fiscal Year</u>	<u>Operating Revenue (2)</u>	<u>Operating Expenses (3)</u>	<u>Net Available Revenue</u>	<u>Debt Service (4) (5)</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
1998	\$ 827,257	\$ 612,796	\$ 214,461	\$ 48,689	\$ 36,091	\$ 84,780	2.53
1999	804,320	652,689	151,631	48,690	32,363	81,053	1.87
2000	1,180,660	933,679	246,981	54,520	28,597	83,117	2.97
2001	1,429,956	930,147	499,809	50,053	24,634	74,687	6.69
2002	1,047,283	669,257	378,026	50,051	20,633	70,684	5.35
2003	1,266,089	924,846	341,243	50,443	16,592	67,035	5.09
2004	1,162,003	902,321	259,682	50,443	12,552	62,995	4.12
2005	1,099,600	810,258	289,342	48,115	8,512	56,627	5.11
2006	972,636	824,923	147,713	56,223	4,643	60,866	2.43
2007 (6)	-	-	-	-	-	-	-

Note: Details regarding Bay County's outstanding debt can be found in the notes to the financial statements.

(1) Component unit - Department of Water and Sewer

(2) Excludes all non-operating revenue except interest earned.

(3) Excludes depreciation and interest expense on bonded debt.

(4) Includes the Water Supply System No. 1 Portsmouth Extension bonds through 2004 and Bay County Water Supply System 1987 Series bonds.

(5) Debt service requirements are met with net revenue available for debt service and net assets.

(6) Applicable bonds fully serviced in 2006.

**BAY COUNTY**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2) (amounts expressed in thousands)</b>	<b>Per Capita Personal Income</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
1998	109,980	\$ 2,616,290	\$ 23,789	16,786	4.50%
1999	109,514	2,718,432	24,823	16,385	4.30%
2000	110,157	2,857,805	25,943	16,309	4.00%
2001	109,664	2,859,582	26,076	16,209	5.20%
2002	109,611	2,841,552	25,924	16,136	6.70%
2003	109,167	2,958,817	27,104	16,140	7.70%
2004	108,990	2,996,080	27,489	15,989	8.40%
2005	108,608	3,047,312	28,058	14,952	6.90%
2006	108,053	3,167,808	29,317	15,552	6.90%
2007	107,517	(5)	(5)	15,298	6.70%

Data Sources:

(1) Population Division, U.S. Census Bureau - Population is an estimate as of July 1, of fiscal year with the exception of 2000 which reflects the actual census.

(2) Bureau of Economic Analysis, U.S. Department of Commerce

(3) Local school districts

(4) U.S. Department of Labor Bureau of Labor Statistics Data - Unemployment rate information is a yearly average not seasonally adjusted.

(5) Personal income not available at this time for 2007.

**BAY COUNTY**  
**Principal Employers**  
**2007 and 1998**

<u>Employer</u>	<u>2007</u>			<u>1998 (4)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Bay Regional Medical Center (3)	1,958	1	3.80%	2,447	1	4.66%
Dow Corning Corporation	1,200	2	2.33%	1,622	2	3.09%
Michigan Sugar Company (2)	1,148	3	2.23%	-	-	-
Bay City Public Schools (1)	1,054	4	2.05%	1,278	4	2.43%
Delta College	930	5	1.81%	571	8	1.09%
General Motors Powertrain	614	6	1.19%	1,409	3	2.68%
Meijer Inc.	586	7	1.14%	711	6	1.35%
Bay County	533	8	1.04%	578	7	1.10%
Consumers Energy	516	9	1.00%	532	9	1.01%
SC Johnson	444	10	0.86%	-	-	-
Monitor Sugar Company (2)	-	-	-	800	5	1.52%
City of Bay City	-	-	-	429	10	0.82%
Totals	<u>\$ 8,983</u>		<u>17.46%</u>	<u>\$ 10,377</u>		<u>19.75%</u>

Source:

Bay City Times and U.S. Department of Labor Bureau of Labor Statistics

(1) Excludes substitute teachers.

(2) Figure represents peak manufacturing/industry seasons.

(3) Previously Bay Health Systems

(4) 1998 is the most historical year for which information is available.

**BAY COUNTY**  
**Full-time Equivalent Bay County Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Full-time Equivalent Employees as of December 31,</b>									
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
Public safety	124	127	124	127	126	126	122	120	118	118
Community and economic development	-	-	-	1	1	1	7	6	6	6
Health and welfare	163	159	153	147	150	148	145	143	136	136
General government	129	126	126	135	133	131	120	110	109	109
Judicial	93	96	97	94	97	93	93	91	91	91
Legislative	11	12	12	12	12	12	12	11	11	12
Recreation and culture	20	21	31	45	40	40	29	25	24	24
100% tax payment	-	-	-	1	1	2	2	2	2	2
Golf course	10	10	10	11	11	11	6	6	6	6
<b>Total</b>	<b>551</b>	<b>550</b>	<b>552</b>	<b>573</b>	<b>570</b>	<b>564</b>	<b>536</b>	<b>514</b>	<b>503</b>	<b>504</b>

Source: Bay County Budget Department

Note: There are no full-time equivalent positions in the public works or commissary functions.

Full-time equivalent positions are not available for Medical Care Facility and Housing Department.

**BAY COUNTY**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety										
Number of incarcerated offenders	-	-	-	-	-	-	4,460	4,485	4,479	5,016
Health and welfare										
Division on aging										
Meal site meals served	-	-	-	-	-	57,051	57,213	55,279	48,886	48,724
Home delivered meals served	-	-	-	-	-	147,521	136,654	145,665	147,529	149,549
Public works										
Number of parking spaces leased	-	-	-	-	-	2,721	2,772	1,947	793	275
Judicial										
Circuit court total caseload	-	-	-	-	-	-	4,530	4,369	4,613	4,682
District court total caseload	-	-	-	-	-	-	28,556	27,387	31,281	29,768
Probate court total caseload	-	-	-	-	-	-	733	791	821	792
Recreation and culture										
Community center events	-	-	-	-	-	-	45	54	52	50
Community center total average event participants	-	-	-	-	-	-	31,762	37,087	37,890	35,338
Swimming pool admissions	-	-	-	-	-	-	5,117	4,364	6,652	6,318
Medical care facility										
Patient days	73,984	73,507	73,727	73,653	74,340	73,830	73,070	73,164	73,031	73,795
Patient admits	175	244	266	272	220	252	285	274	256	196
Golf course										
Memberships	-	-	-	-	-	268	197	201	185	160
Housing										
Number of lease days	-	36,341	34,219	36,416	36,405	(1)	36,263	36,232	36,281	36,361

Sources: Michigan Department of Corrections, State of Michigan Court Caseload Report, and county departments.

Note: Indicators are not available for the general government, legislative functions, community and economic development, 100% tax payment and commissary functions.

(1) This information is not available

Some data prior to 2003 is not available.

**BAY COUNTY**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Fiscal Year</b>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety										
Sheriff										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	27	27	25	25	25	25	26	28	27	31
Boats	-	-	-	-	-	-	3	4	4	3
Animal control										
Vehicles	-	-	-	-	-	-	6	5	4	4
Community and economic development										
Streets (miles)	1,337	1,337	1,337	1,337	1,337	1,337	1,403	1,565	1,566	1,565
Traffic signals	92	92	92	92	92	92	101	107	107	108
Health and welfare										
Division on aging										
Meal sites	9	9	8	8	8	8	8	8	7	7
Mosquito control										
Vehicles	-	-	-	-	-	-	28	30	30	31
Public works										
Pere marquette/madison avenue										
Parking spaces available for lease	-	-	-	-	432	432	432	432	432	432
Recreation and culture										
Parks	3	4	4	4	4	4	4	4	3	3
Medical care facility										
Beds	206	206	206	206	206	206	206	206	206	206
Golf course										
Golf carts	54	54	54	54	54	54	54	54	54	54
Housing										
Apartments	100	100	100	100	100	100	100	100	100	100

Sources: County departments.

Note: No capital asset indicators are available for the general government, judicial, legislative, 100% tax payment or commissary functions.

Not all historical information is available, this table will continue to be populated as more information becomes available.

Some data prior to 2003 is not available.



# **Bay County, Michigan**



## **Comparison of Actual Operations with Budget Amounts for General, Special Revenue, and Debt Service Funds**

**Year Ended December 31, 2007**

## BAY COUNTY

### Comparison of Actual Operations with Budget Amounts for General, Special Revenue and Debt Service Funds

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THOMAS L. HICKNER  
Bay County Executive

Michael J. Regulski CGFM  
Finance Officer

Finance Department  
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June 25, 2008

Bay County Board of Commissioners and  
Citizens of Bay County, Michigan:

Herein submitted is a budgetary report which presents a comparison of actual operations to the legally adopted budget and the schedule reflecting the amount of any excess of expenditures over appropriations, at the level of control, for Bay County, Michigan, for the year ended December 31, 2007. This report may best be utilized in conjunction with the Bay County's *Comprehensive Annual Financial Report*.

The level of budgetary control, that is the level at which expenditures cannot legally exceed the appropriated amount, is established on an object class (categorical) basis by activity within an individual fund with the exception of the Circuit, District, and Probate courts, whose level of budgetary control is established on a total basis (lump sum) encompassing all of its operations. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget adopted by the Board of Commissioners. Governmental fund types which include the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget. Capital Project Funds are budgeted by project. Bay County also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Encumbrances that have lapsed are reappropriated as part of the following year's budget.

The intent of this report is to help you in evaluating the operations of Bay County for the year ended December 31, 2007. If additional information is necessary, please feel free to contact either one of us.

Sincerely,

Bay County Executive Office  
Thomas L. Hickner, County Executive

Bay County Finance Department  
Michael J. Regulski, Finance Officer

**Schedule 1****BAY COUNTY**

Excess of Expenditures Over Appropriations at the Legal Level of Control  
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

<b>Fund / Activity / Category</b>	<b>Total Appropriations</b>	<b>Expenditures</b>	<b>Excess Expenditures</b>
<b>General Fund:</b>			
General Government:			
Circuit Court:			
Supplies	\$ 21,025	\$ 22,660	\$ (1,635)
District Court:			
Personal services	1,063,844	1,072,842	(8,998)
Capital outlay	13,421	31,581	(18,160)
Friend of the Court:			
Personal services	700,999	798,188	(97,189)
Probate Court:			
Supplies	17,060	18,151	(1,091)
Other services and charges	89,400	96,064	(6,664)
Public Guardian:			
Other services and charges	170,000	174,946	(4,946)
Prosecuting Attorney:			
Personal services	1,165,461	1,179,550	(14,089)
Crime Victims Rights:			
Personal services	105,626	117,211	(11,585)
Indigent Attorney:			
Other services and charges	521,000	618,737	(97,737)
Department of Public Defender:			
Supplies	2,700	2,808	(108)
Retirement Board:			
Supplies	-	1	(1)
Building Authority:			
Personal services	1,000	1,260	(260)
Risograph Printing/Postage:			
Personal services	19,967	20,421	(454)
Public Safety:			
Circuit Court Warrant Officer:			
Personal services	63,719	66,165	(2,446)

(continued)

**Schedule 1**

**BAY COUNTY**

Excess of Expenditures Over Appropriations at the Legal Level of Control  
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

<u>Fund / Activity / Category</u>	<u>Total Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<b>General Fund, continued:</b>			
Public Safety, continued:			
2nd Rd Patr-Monitor Cops Fast:			
Personal services	\$ 61,003	\$ 62,774	\$ (1,771)
2nd Rd Patr-Monitor twp:			
Personal services	61,646	63,669	(2,023)
Secondary Road Patrol Grant:			
Capital outlay	37,867	39,118	(1,251)
Drive MI Safely/Task Force:			
Personal services	17,166	18,053	(887)
Youth Alcohol Enforcement:			
Supplies	845	1,132	(287)
Marine Law Enforcement Grant:			
Supplies	4,270	4,273	(3)
Marine Safety:			
Supplies	-	583	(583)
Corrections Department / Jail:			
Other services and charges	11,000	11,575	(575)
SHSGP - First Responders:			
Personal services	5,606	8,801	(3,195)
Supplies	60	1,828	(1,768)
Other services and charges	58,994	217,933	(158,939)
LETPP - Terrorism Respon & Recov:			
Capital outlay	-	15,924	(15,924)
2006-2008 SHSGP-Region 3:			
Supplies	4,600	5,688	(1,088)
Other services and charges	156,200	164,969	(8,769)
Animal Shelter/Dog Warden:			
Personal services	281,835	304,069	(22,234)
Public Works:			
Pere Marquette Parking:			
Other services and charges	5,500	6,274	(774)

(continued)

## Schedule 1

## BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control  
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

<u>Fund / Activity / Category</u>	<u>Total Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<b>General Fund, continued:</b>			
Health and Welfare:			
Medical Examiner:			
Other services and charges	\$ 101,900	\$ 105,987	\$ (4,087)
Veterans' Burial:			
Other services and charges	93,000	98,251	(5,251)
Recreation and Culture:			
Parks/Recreation Maintenance:			
Personal services	104,705	107,347	(2,642)
Community Center:			
Other services and charges	78,906	81,836	(2,930)
County Market:			
Other services and charges	11,000	12,106	(1,106)
Civic/Ice Arena:			
Other services and charges	276,765	278,912	(2,147)
Pinconning Park:			
Personal services	67,229	67,232	(3)
Other services and charges	23,742	25,689	(1,947)
Other:			
Retirees Health/Life Insurance:			
Other services and charges	15,000	31,779	(16,779)
<b>Special Revenue Funds:</b>			
<b>911 Service Fund:</b>			
Debt Service:			
Interest payment	927	1,050	(123)
<b>Division on Aging Fund:</b>			
Health and Welfare:			
Personal Care - Grants			
Other services and charges	2,622	2,776	(154)
Administration - Div. on Aging:			
Personal services	293,024	294,270	(1,246)

(continued)

## BAY COUNTY

Excess of Expenditures Over Appropriations at the Legal Level of Control  
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

<u>Fund / Activity / Category</u>	<u>Total Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<b>Special Revenue Funds, continued:</b>			
<b><i>Health Department/District Health Fund:</i></b>			
Health and Welfare:			
CSHC-Child Special Health Care:			
Personal services	\$ 29,583	\$ 32,932	\$ (3,349)
Contagious Disease:			
Supplies	4,125	4,133	(8)
Bioterrorism Preparedness:			
Supplies	453	894	(441)
Bioterrorism Pandemic Flu:			
Supplies	10,950	11,594	(644)
Immunizations:			
Supplies	446,550	878,922	(432,372)
Hearing and Vision Screening:			
Supplies	21,300	21,383	(83)
Family Planning:			
Personal services	119,601	120,865	(1,264)
Medicaid Outreach/Advocacy:			
Supplies	550	585	(35)
Other services and charges	2,200	2,220	(20)
Other Financing Uses:			
Transfers out to other funds	-	14,029	(14,029)
<b><i>Gypsy Moth Control Fund:</i></b>			
General Government:			
Gypsy Moth Suppression:			
Personal services	59,747	61,234	(1,487)
<b><i>Law Library Fund:</i></b>			
General Government:			
Law Library:			
Supplies	300	962	(662)
<b><i>Community Corrections Fund:</i></b>			
Public Safety:			
Drug Law Enforce.-Oct/Dec:			
Other services and charges	(60,074)	-	(60,074)

(continued)

**Schedule 1**

**BAY COUNTY**

Excess of Expenditures Over Appropriations at the Legal Level of Control  
General, Special Revenue and Debt Service Funds

For the year ended December 31, 2007

<b>Fund / Activity / Category</b>	<b>Total Appropriations</b>	<b>Expenditures</b>	<b>Excess Expenditures</b>
<b>Special Revenue Funds, continued:</b>			
<b><i>Home Rehabilitation Fund:</i></b>			
General Government:			
Geographic Information Systems:			
Supplies	\$ -	\$ 10	\$ (10)
<b><i>Child Care Fund:</i></b>			
Recreation and Culture:			
Juv. Gender Specific Services:			
Supplies	1,975	2,435	(460)
Other services and charges	9,790	9,937	(147)
<b><i>Soldiers' Relief Fund:</i></b>			
Health and Welfare:			
Soldiers and Sailors Relief:			
Other services and charges	31,485	33,738	(2,253)
<b><i>Veterans' Trust Fund:</i></b>			
Health and Welfare:			
Veterans' Trust Board:			
Supplies	5,790	7,683	(1,893)
Other services and charges	19,666	29,575	(9,909)
<b><i>Historical Preservation Fund:</i></b>			
Recreation and Culture:			
Historical Preservation:			
Other services and charges	269,932	271,940	(2,008)



BAY COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FINES AND FORFEITS			
DISTRICT COURT	910,000	897,888	12,112-
ANIMAL SHELTER/DOG WARDEN	6,000	14,376	8,376
<b>TOTAL FINES AND FORFEITS</b>	<b>916,000</b>	<b>912,264</b>	<b>3,736-</b>
CHARGES FOR SERVICES			
CIRCUIT COURT	54,200	51,112	3,088-
CIRCUIT COURT ADULT PROBATION	83,000	97,948	14,948
DISTRICT COURT	910,600	942,503	31,900
FRIEND OF THE COURT	112,000	106,735	5,265-
JURY/JUDICIAL COUNCIL	64,000	75,480	11,480
PROBATE COURT	109,100	112,694	3,594
PUBLIC GUARDIAN	35,000	38,513	3,513
PAYROLL, RETIREMENT, INSURANCE	75	61	14-
CLERK	160,000	170,635	10,635
TREASURER	14,000	10,498	3,502-
EQUALIZATION DEPARTMENT	53,500	54,512	1,012
PROSECUTING ATTORNEY	7,000	11,980	4,980
REGISTER OF DEEDS	737,200	693,976	43,224-
DEPARTMENT OF CRIMINAL DEFENSE	0	56	56
DRAIN COMMISSIONER	5,000	3,500	1,500-
COUNTY SURVEY/REMONUMENTATION	48,000	40,068	8,015-
SOIL CONSERVATION	650	0	650-
GEOGRAPHIC INFORMATION SYSTEMS	750	1,130	380
SHERIFF DEPARTMENT	272,820	202,899	69,921-
SECONDARY ROAD PATROL	3,166	0	3,166-
ANIMAL SHELTER/DOG WARDEN	40,300	35,001	5,299-
MEDICAL EXAMINER	2,300	852	1,448-
PLANNING DEPARTMENT	12,785	12,690	95-
RECREATION/PARKS DEPARTMENT	26,000	18,508	7,492-
VETERANS PARK SOFTBALL	27,726	13,214	14,512-
COMMUNITY CENTER	38,000	29,490	8,510-
SWIMMING POOL	17,000	17,393	393
CIVIC/ICE ARENA-ICE/DRY SURFACE	113,500	114,449	949
CIVIC/ICE ARENA-CONCESSION	107,000	78,444	28,556-
CIVIC/ICE ARENA-PRO SHOP	90,000	64,690	25,310-
PINCONNING PARK	56,432	73,361	16,929
FRIEND OF BAY CNTY 150TH BIRTH	2,976	3,752	776
<b>TOTAL CHARGES FOR SERVICES</b>	<b>3,204,163</b>	<b>3,076,141</b>	<b>128,022-</b>
FEDERAL GRANTS			
FRIEND OF THE COURT	173,525	161,197	12,328-
F.O.C.-MICHIGAN WORKS PROGRAM	55,273	43,429	11,844-
FRND OF CRT-COOP REIMBURSEMENT	850,000	871,340	21,340
PROBATE COURT	0	8,258	8,258
JUV. COMPREHENSIVE STRATEGY	59,655	33,105	26,550-
PROSECUTING ATTORNEY	17,113	16,985	127-
CRIME VICTIMS RIGHTS-VOCA GRNT	63,111	61,545	1,566-
COOP REIMBURSEMENT-PROSECUTOR	131,271	99,294	31,977-

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONNEL & EMPLOYEE RELATIONS	3,900	4,343	443
SHERIFF DEPARTMENT	11,208	21,032	9,824
E.A.V.A.N.E.T.	32,944	32,281	663-
SECONDARY ROAD PATROL	2,525	439	2,086-
DRIVE MI SAFELY/TASK FORCE	39,047	34,536	4,511-
YOUTH ALCOHOL ENFORCEMENT	4,353	3,161	1,192-
OFF OF EMERG SERV-CIVIL DEFENS	20,351	15,103	5,248-
LOCAL EMERGENCY PLANNING COMM.	500	0	500-
DOMESTIC PREPAREDNESS EQUIP.	0	1,312-	1,312-
SHSGP - FIRST RESPONDERS	73,000	287,251	214,251
LETPP-TERRORISM RESPON & RECOV	50,000	50,212	212
2006-2008 SHSGP-REGION 3	283,115	217,724	65,391-
2006-2008 REGION 3 LETPP	124,200	25,217	98,983-
REGION 3 CITIZEN CORP.COUNCIL	25,100	3,069	22,031-
MSS/ISS 0-3 SECONDARY PREVENT	117,944	111,006	6,938-
TRANSPORTATION PLANNING	160,000	139,601	20,399-
COUNTY MARKET	11,000	12,114	1,114
PINCONNING PARK	30,000	29,108	892-
<b>TOTAL FEDERAL GRANTS</b>	<b>2,339,135</b>	<b>2,280,039</b>	<b>59,096-</b>
INTERESTS, RENTS AND ROYALTIES			
DISTRICT COURT	12,000	20,493	8,493
TREASURER	526,500	545,762	19,262
BUILDINGS AND GROUNDS	10,570	16,072	5,502
SHERIFF DEPARTMENT	82,000	79,441	2,559-
SECONDARY ROAD PATROL	7,500	5,505	1,995-
PERE MARQUETTE PARKING	7,480	5,755	1,725-
COMMUNITY CENTER	22,000	19,876	2,124-
COUNTY MARKET	17,648	17,033	615-
FAIRGROUNDS	25,000	22,110	2,890-
CIVIC/ICE ARENA-ICE/DRY SURFAC	673,000	651,393	21,607-
<b>TOTAL INTERESTS, RENTS AND ROYALTIES</b>	<b>1,383,698</b>	<b>1,383,440</b>	<b>258-</b>
LICENSES AND PERMITS			
CIRCUIT COURT	12,000	10,860	1140-
CLERK	10,050	10,208	158
TREASURER	148,000	119,171	28,829-
SOIL CONSERVATION	35,000	28,073	6,927-
SHERIFF DEPARTMENT	5,000	4,541	459-
MEDICAL EXAMINER	9,050	12,740	3,690
<b>TOTAL LICENSES AND PERMITS</b>	<b>218,100</b>	<b>185,593</b>	<b>32,507-</b>
STATE GRANTS			
CIRCUIT COURT	1,000	848	152-
DISTRICT COURT	28,300	48,885	20,585
DIST.COURT OWI TREATMENT GRANT	139,810	127,288	12,522-
FRND OF CRT-COOP REIMBURSEMENT	14,000	58,283-	72,283-
PROBATE COURT	52,776	52,776	0

RAY COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TREASURER	1,107,471	664,579	442,892-
CRIME VICTIMS RIGHTS	100,400	116,168	15,768
COOP REIMBURSEMENT-PROSECUTOR	0	7,998-	7,998-
COUNTY SURVEY/REMONUMENTATION	140,000	119,727	20,273-
CHILD SUPRT BENCH WARRANT ENFO	13,066	18,263	5,197
SECONDARY ROAD PATROL GRANT	261,175	214,465	46,710-
MICHIGAN JUSTICE TRAINING PROG	15,983	22,348	3,635-
MARINE LAW ENFORCEMENT GRANT	28,313	25,705	2,608-
MSE/ISS 0-3 SECONDARY PREVENT	19,016	11,958	7,058-
<b>TOTAL STATE GRANTS</b>	<b>1,921,310</b>	<b>1,346,729</b>	<b>574,581-</b>
<b>REIMBURSEMENTS, REFUNDS AND OTHER REVENUES</b>			
BOARD OF COMMISSIONERS	3,000	3,007	7
CIRCUIT COURT	139,672	139,597	75-
CIRCUIT COURT ADULT PROBATION	0	50	50
DISTRICT COURT	137,172	137,735	563
FRIEND OF THE COURT	0	317	317
FRND OF CRT-COOP REIMBURSEMENT	0	27,719	27,719
JURY/JUDICIAL COUNCIL	40,200	47,918	7,718
PROBATE COURT	147,770	149,015	1,245
COUNTY EXECUTIVE	0	473	473
ACCOUNTING DEPARTMENT	0	172	172
CLERK	500	828	328
INFORMATION SYSTEMS DIVISION	0	297	297
TREASURER	2,000	1,189	811-
EQUALIZATION DEPARTMENT	21,500	23,527	2,027
ELECTIONS	85,442	46,430	39,012-
BUILDINGS AND GROUNDS	710	7,644	6,934
CORPORATION COUNSEL	400	466	66
PROSECUTING ATTORNEY	4,500	5,019	519
CRIME VICTIMS RIGHTS	0	360	360
COOP REIMBURSEMENT-PROSECUTOR	6,160	8,013	1,853
PERSONNEL & EMPLOYEE RELATIONS	0	19	19
RETIREMENT BOARD	45,748	45,748	0
DRAIN COMMISSIONER	172,749	163,229	9,520-
BUILDING AUTHORITY	0	155	155
BLDG AUTH-MH GRP HOME, FISHER	1,888	1,882	6
M.S.U. EXTENSION	0	39	39
FAMILY NUTRITION PROGRAM	4,700	2,866	2,834-
ENVIRONMENTAL AFFAIRS	24,000	45	23,954-
GEOGRAPHIC INFORMATION SYSTEMS	0	135	135
SHERIFF DEPARTMENT	617,500	630,810	13,310
CIRCUIT COURT WARRANT OFFICER	1,000	788	212-
B.A.Y.A.N.E.T.	1,876	1,876	0
SECONDARY ROAD PATROL	7,000	7,262	262
2ND RD PATR-MONITOR COPS EAST	73,357	67,881	5,476-
2ND RD PATROL-BANGOR TWP	303,643	282,729	20,914-
2ND RD PATR-PORTSMOUTH	79,974	75,726	4,248-
2ND RD PTRL-WILLIAMS TWP	163,570	156,853	6,717-
2ND RD PATROL-MONITOR TWP	70,956	74,327	3,371-

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
2ND RD. PAT-BAY CITY SCHOOLS	85,063	78,685	6,378-
SECONDARY ROAD PATROL GRANT	0	30	30
TOWNSHIP ROAD PATROL	34,194	33,722	472-
MARINE SAFETY	1,200	1,200	0
D.A.R.E.	250	0	250-
CORRECTIONS DEPARTMENT / JAIL	4,500	3,752	748-
INMATE TETHERING	12,000	2,120	9,880-
OFF OF EMERG SERV-CIVIL DEFENS	0	215	215
ANIMAL SHELTER/DOG WARDEN	1,500	2,056	2,356
MSS/ISS 0-3 SECONDARY PREVENT	6,000	5,000	1,000-
MEDICAL EXAMINER	150	0	150-
SOCIAL SERVICES-MED CARE FACIL	5,476	5,476	0
CENTER RIDGE ARMS	28,612	28,612	0
TRANSPORTATION PLANNING	5,000	7,576	2,576
RECREATION/PARKS DEPARTMENT	13,485	12,235	1,250-
PARKS/RECREATION MAINTENANCE	120	2,102	1,981
PUBLIC GOLF COURSE	80,130	80,130	0
COMMUNITY CENTER	4,050	3,533	517-
SWIMMING POOL	0	171	171
FAIRGROUNDS	5,000	5,000	0
CIVIC/ICE ARENA	11,850	5,404	6,446-
CIVIC/ICE ARENA-ICE/DRY SURFAC	0	1,274	1,274
CIVIC/ICE ARENA-CONCESSION	4,603	5,431	831
CIVIC/ICE ARENA-PRO SHOP	0	118-	118-
PINCONNING PARK	1,100	11,016	9,916
LIBRARY	4,769	4,769	0
RISK MANAGEMENT	0	35,045	35,045
SELF INSURANCE CLAIMS	92	92	0
SELF INSURANCE ADMINISTRATION	10,564	10,564	0
RETIREEES HEALTH/LIFE INSURANCE	37,500	83,030	45,530
FRIEND OF BAY CNTY 150TH BIRTH	<u>7,001</u>	<u>7,001</u>	<u>0</u>
 TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	 <u>2,521,193</u>	 <u>2,547,047</u>	 <u>25,854</u>
 PROPERTY AND OTHER TAXES			
TREASURER	<u>16,970,274</u>	<u>16,929,350</u>	<u>40,924-</u>
 TOTAL PROPERTY AND OTHER TAXES	 <u>16,970,274</u>	 <u>16,929,350</u>	 <u>40,924-</u>
 TOTAL REVENUES	 <u>29,473,873</u>	 <u>28,660,603</u>	 <u>813,270-</u>
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BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
BOARD OF COMMISSIONERS			
PERSONAL SERVICES	349,705	335,555	14,150
SUPPLIES	4,000	2,504	1,496
OTHER SERVICES AND CHARGES	<u>160,050</u>	<u>147,432</u>	<u>12,618</u>
TOTAL BOARD OF COMMISSIONERS	<u>513,755</u>	<u>485,491</u>	<u>28,264</u>
CIRCUIT COURT			
PERSONAL SERVICES	1,029,240	982,432	56,808
SUPPLIES	21,025	22,660	1,635-
OTHER SERVICES AND CHARGES	<u>85,941</u>	<u>66,798</u>	<u>19,143</u>
TOTAL CIRCUIT COURT	<u>1,146,206</u>	<u>1,071,890</u>	<u>74,316</u>
CIRCUIT COURT ADULT PROBATION			
SUPPLIES	6,575	5,486	1,089
OTHER SERVICES AND CHARGES	<u>12,276</u>	<u>10,964</u>	<u>1,292</u>
TOTAL CIRCUIT COURT ADULT PROBATION	<u>18,851</u>	<u>16,470</u>	<u>2,381</u>
DISTRICT COURT			
PERSONAL SERVICES	1,063,844	1,072,842	8,998-
SUPPLIES	52,526	46,074	6,452
OTHER SERVICES AND CHARGES	120,593	86,668	33,925
CAPITAL OUTLAY	<u>13,421</u>	<u>31,581</u>	<u>18,160-</u>
TOTAL DISTRICT COURT	<u>1,250,384</u>	<u>1,237,165</u>	<u>13,219</u>
DISTRICT COURT ADULT PROBATION			
PERSONAL SERVICES	377,278	321,408	55,870
SUPPLIES	4,850	4,741	109
OTHER SERVICES AND CHARGES	<u>16,446</u>	<u>14,325</u>	<u>2,121</u>
TOTAL DISTRICT COURT ADULT PROBATION	<u>398,568</u>	<u>340,174</u>	<u>58,394</u>
DIST. COURT OWI TREATMENT GRANT			
PERSONAL SERVICES	140,762	105,213	35,549
SUPPLIES	3,968	1,292	2,676
OTHER SERVICES AND CHARGES	<u>112,872</u>	<u>92,526</u>	<u>20,346</u>
TOTAL DIST. COURT OWI TREATMENT GRANT	<u>257,602</u>	<u>199,031</u>	<u>58,571</u>
FRIEND OF THE COURT			
PERSONAL SERVICES	700,999	798,188	97,189-
SUPPLIES	30,950	20,851	10,099
OTHER SERVICES AND CHARGES	<u>28,705</u>	<u>25,564</u>	<u>3,141</u>
TOTAL FRIEND OF THE COURT	<u>760,654</u>	<u>844,643</u>	<u>83,989-</u>
P.O.C.-MICHIGAN WORKS PROGRAM			

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	53,604	42,324	11,280
SUPPLIES	1,250	297	953
OTHER SERVICES AND CHARGES	<u>465</u>	<u>325</u>	<u>150</u>
TOTAL F.O.C.-MICHIGAN WORKS PROGRAM	<u>55,319</u>	<u>42,936</u>	<u>12,383</u>
FRND OF CRT-COOP REIMBURSEMENT			
PERSONAL SERVICES	635,613	515,618	89,995
SUPPLIES	15,100	11,981	3,119
OTHER SERVICES AND CHARGES	<u>37,219</u>	<u>21,608</u>	<u>15,611</u>
TOTAL FRND OF CRT-COOP REIMBURSEMENT	<u>657,932</u>	<u>549,207</u>	<u>108,725</u>
JURY/JUDICIAL COUNCIL			
PERSONAL SERVICES	151,138	142,820	8,318
SUPPLIES	17,700	16,820	880
OTHER SERVICES AND CHARGES	<u>159,171</u>	<u>150,662</u>	<u>8,509</u>
TOTAL JURY/JUDICIAL COUNCIL	<u>328,009</u>	<u>310,302</u>	<u>17,707</u>
PROBATE COURT			
PERSONAL SERVICES	999,516	969,522	29,994
SUPPLIES	17,060	18,151	1,091-
OTHER SERVICES AND CHARGES	<u>89,400</u>	<u>96,064</u>	<u>6,664-</u>
TOTAL PROBATE COURT	<u>1,105,976</u>	<u>1,083,737</u>	<u>22,239</u>
JUV. COMPREHENSIVE STRATEGY			
SUPPLIES	2,850	50	2,800
OTHER SERVICES AND CHARGES	<u>56,805</u>	<u>23,572</u>	<u>33,233</u>
TOTAL JUV. COMPREHENSIVE STRATEGY	<u>59,655</u>	<u>23,622</u>	<u>36,033</u>
PUBLIC GUARDIAN			
OTHER SERVICES AND CHARGES	<u>170,000</u>	<u>174,946</u>	<u>4,946-</u>
TOTAL PUBLIC GUARDIAN	<u>170,000</u>	<u>174,946</u>	<u>4,946-</u>
COUNTY EXECUTIVE			
PERSONAL SERVICES	155,665	143,938	6,757
SUPPLIES	4,875	3,589	1,286
OTHER SERVICES AND CHARGES	<u>12,516</u>	<u>11,479</u>	<u>1,037</u>
TOTAL COUNTY EXECUTIVE	<u>173,056</u>	<u>163,976</u>	<u>9,080</u>
ACCOUNTING DEPARTMENT			
PERSONAL SERVICES	322,433	303,744	21,689
SUPPLIES	8,963	7,547	1,416
OTHER SERVICES AND CHARGES	<u>28,030</u>	<u>27,674</u>	<u>356</u>

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL ACCOUNTING DEPARTMENT	359,426	335,965	23,461
PAYROLL, RETIREMENT, INSURANCE			
PERSONAL SERVICES	142,894	139,868	3,026
SUPPLIES	4,742	2,690	2,052
OTHER SERVICES AND CHARGES	3,910	2,953	957
TOTAL PAYROLL, RETIREMENT, INSURANCE	151,546	145,511	6,035
BUDGET DEPARTMENT			
PERSONAL SERVICES	135,344	131,310	4,034
SUPPLIES	6,670	5,109	1,561
OTHER SERVICES AND CHARGES	2,870	2,152	718
TOTAL BUDGET DEPARTMENT	144,884	138,571	6,313
CLERK			
PERSONAL SERVICES	297,301	290,222	7,079
SUPPLIES	40,169	30,534	9,635
OTHER SERVICES AND CHARGES	18,269	14,803	3,466
TOTAL CLERK	355,739	335,559	20,180
INFORMATION SYSTEMS DIVISION			
PERSONAL SERVICES	503,524	482,951	20,533
SUPPLIES	11,292	7,221	4,071
OTHER SERVICES AND CHARGES	284,955	174,150	110,805
CAPITAL OUTLAY	805,858	44,362	761,496
TOTAL INFORMATION SYSTEMS DIVISION	1,605,629	708,724	896,905
PURCHASING DEPARTMENT			
PERSONAL SERVICES	55,311	51,791	3,520
SUPPLIES	1,605	1,586	19
OTHER SERVICES AND CHARGES	6,244	6,213	31
TOTAL PURCHASING DEPARTMENT	63,160	59,590	3,570
TREASURER			
PERSONAL SERVICES	300,441	295,060	5,381
SUPPLIES	18,900	17,461	1,439
OTHER SERVICES AND CHARGES	35,084	24,052	11,032
TOTAL TREASURER	354,425	336,573	17,852
EQUALIZATION DEPARTMENT			
PERSONAL SERVICES	208,801	206,875	1,926
SUPPLIES	32,144	29,951	2,193
OTHER SERVICES AND CHARGES	31,160	22,292	8,868
TOTAL EQUALIZATION DEPARTMENT	272,105	259,118	12,987

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
ELECTIONS			
PERSONAL SERVICES	2,200	1,300	900
SUPPLIES	104,475	36,203	68,272
OTHER SERVICES AND CHARGES	<u>40,025</u>	<u>16,626</u>	<u>23,397</u>
TOTAL ELECTIONS	<u>146,700</u>	<u>54,131</u>	<u>92,569</u>
BOARD OF CANVASSERS			
PERSONAL SERVICES	5,000	2,900	2,100
OTHER SERVICES AND CHARGES	<u>1,000</u>	<u>164</u>	<u>836</u>
TOTAL BOARD OF CANVASSERS	<u>6,000</u>	<u>3,064</u>	<u>2,936</u>
BUILDINGS AND GROUNDS			
PERSONAL SERVICES	970,600	949,557	21,043
SUPPLIES	54,950	54,596	354
OTHER SERVICES AND CHARGES	381,475	255,530	25,945
CAPITAL OUTLAY	<u>234,430</u>	<u>181,736</u>	<u>52,694</u>
TOTAL BUILDINGS AND GROUNDS	<u>1,641,455</u>	<u>1,241,419</u>	<u>400,036</u>
CORPORATION COUNSEL			
PERSONAL SERVICES	181,452	177,602	3,850
SUPPLIES	2,025	1,575	450
OTHER SERVICES AND CHARGES	<u>27,475</u>	<u>16,367</u>	<u>11,108</u>
TOTAL CORPORATION COUNSEL	<u>210,952</u>	<u>195,544</u>	<u>15,408</u>
PROSECUTING ATTORNEY			
PERSONAL SERVICES	1,165,461	1,179,550	14,089-
SUPPLIES	23,225	21,222	2,003
OTHER SERVICES AND CHARGES	<u>59,400</u>	<u>56,364</u>	<u>3,036</u>
TOTAL PROSECUTING ATTORNEY	<u>1,248,086</u>	<u>1,257,136</u>	<u>9,050-</u>
CRIME VICTIMS RIGHTS			
PERSONAL SERVICES	105,626	117,211	11,585-
SUPPLIES	2,280	1,073	1,207
OTHER SERVICES AND CHARGES	<u>1,205</u>	<u>839</u>	<u>366</u>
TOTAL CRIME VICTIMS RIGHTS	<u>109,111</u>	<u>119,123</u>	<u>10,012-</u>
CRIME VICTIMS RIGHTS-VOCA GRNT			
PERSONAL SERVICES	57,408	55,857	1,551
SUPPLIES	5,200	3,777	1,423
OTHER SERVICES AND CHARGES	<u>4,200</u>	<u>2,032</u>	<u>2,167</u>
TOTAL CRIME VICTIMS RIGHTS-VOCA GRNT	<u>66,808</u>	<u>61,667</u>	<u>5,141</u>
COOP REIMBURSEMENT-PROSECUTOR			
PERSONAL SERVICES	212,067	200,339	11,728



BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUPPLIES	6,280	3,628	2,652
OTHER SERVICES AND CHARGES	<u>15,575</u>	<u>11,515</u>	<u>4,060</u>
TOTAL COOP REIMBURSEMENT-PROSECUTOR	<u>233,522</u>	<u>215,481</u>	<u>18,441</u>
REGISTER OF DEEDS			
PERSONAL SERVICES	376,093	253,356	22,735
SUPPLIES	11,475	7,831	3,643
OTHER SERVICES AND CHARGES	<u>8,184</u>	<u>7,159</u>	<u>1,025</u>
TOTAL REGISTER OF DEEDS	<u>295,751</u>	<u>268,346</u>	<u>27,405</u>
PERSONNEL & EMPLOYEE RELATIONS			
PERSONAL SERVICES	162,926	178,066	4,860
SUPPLIES	6,170	6,130	40
OTHER SERVICES AND CHARGES	<u>78,487</u>	<u>74,902</u>	<u>3,585</u>
TOTAL PERSONNEL & EMPLOYEE RELATIONS	<u>267,583</u>	<u>259,098</u>	<u>8,485</u>
ADMINISTRATIVE SERVICES			
PERSONAL SERVICES	154,462	148,985	5,477
SUPPLIES	5,470	3,212	2,258
OTHER SERVICES AND CHARGES	<u>68,321</u>	<u>43,705</u>	<u>24,616</u>
TOTAL ADMINISTRATIVE SERVICES	<u>228,253</u>	<u>195,902</u>	<u>32,351</u>
DEPARTMENT OF CRIMINAL DEFENSE			
PERSONAL SERVICES	243,872	240,800	3,072
SUPPLIES	2,530	2,509	21
OTHER SERVICES AND CHARGES	<u>10,241</u>	<u>9,600</u>	<u>641</u>
TOTAL DEPARTMENT OF CRIMINAL DEFENSE	<u>256,643</u>	<u>252,909</u>	<u>3,734</u>
INDIGENT ATTORNEY			
OTHER SERVICES AND CHARGES	<u>521,000</u>	<u>618,737</u>	<u>97,737-</u>
TOTAL INDIGENT ATTORNEY	<u>521,000</u>	<u>618,737</u>	<u>97,737-</u>
DEPARTMENT OF PUBLIC DEFENDER			
PERSONAL SERVICES	346,973	276,878	70,095
SUPPLIES	2,700	2,808	108-
OTHER SERVICES AND CHARGES	<u>9,800</u>	<u>9,033</u>	<u>747</u>
TOTAL DEPARTMENT OF PUBLIC DEFENDER	<u>359,473</u>	<u>288,739</u>	<u>70,734</u>
RETIREMENT BOARD			
SUPPLIES	<u>0</u>	<u>1</u>	<u>1-</u>
TOTAL RETIREMENT BOARD	<u>0</u>	<u>1</u>	<u>1-</u>
DRAIN COMMISSIONER			

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	453,340	434,541	18,799
SUPPLIES	5,400	2,857	2,543
OTHER SERVICES AND CHARGES	<u>28,275</u>	<u>20,251</u>	<u>8,124</u>
TOTAL DRAIN COMMISSIONER	<u>487,015</u>	<u>458,549</u>	<u>28,466</u>
DRAIN - COUNTY AT LARGE			
OTHER SERVICES AND CHARGES	<u>81,737</u>	<u>81,736</u>	<u>1</u>
TOTAL DRAIN - COUNTY AT LARGE	<u>81,737</u>	<u>81,736</u>	<u>1</u>
COUNTY SURVEY/REMONUMENTATION			
PERSONAL SERVICES	13,618	13,356	262
SUPPLIES	11,954	2,856	9,098
OTHER SERVICES AND CHARGES	<u>171,498</u>	<u>119,220</u>	<u>53,278</u>
TOTAL COUNTY SURVEY/REMONUMENTATION	<u>197,070</u>	<u>134,432</u>	<u>62,638</u>
BUILDING AUTHORITY			
PERSONAL SERVICES	1,000	1,260	260-
SUPPLIES	500	363	117
OTHER SERVICES AND CHARGES	<u>2,650</u>	<u>619</u>	<u>2,041</u>
TOTAL BUILDING AUTHORITY	<u>4,150</u>	<u>2,262</u>	<u>1,888</u>
BLDG AUTH-MH GRP HOME, PARKER			
OTHER SERVICES AND CHARGES	<u>1,050</u>	<u>0</u>	<u>1,050</u>
TOTAL BLDG AUTH-MH GRP HOME, PARKER	<u>1,050</u>	<u>0</u>	<u>1,050</u>
BLDG AUTH-MH GRP HOME, ZIELINSK			
OTHER SERVICES AND CHARGES	<u>1,050</u>	<u>392</u>	<u>658</u>
TOTAL BLDG AUTH-MH GRP HOME, ZIELINSK	<u>1,050</u>	<u>392</u>	<u>658</u>
BLDG AUTH-MH GRP HOME, BANGOR			
OTHER SERVICES AND CHARGES	<u>1,050</u>	<u>0</u>	<u>1,050</u>
TOTAL BLDG AUTH-MH GRP HOME, BANGOR	<u>1,050</u>	<u>0</u>	<u>1,050</u>
BLDG AUTH-MH GRP HOME, FISHER			
OTHER SERVICES AND CHARGES	<u>4,826</u>	<u>3,776</u>	<u>1,050</u>
TOTAL BLDG AUTH-MH GRP HOME, FISHER	<u>4,826</u>	<u>3,776</u>	<u>1,050</u>
BLDG AUTH-MH GRP HOME, HICKORY			
OTHER SERVICES AND CHARGES	<u>1,050</u>	<u>285</u>	<u>765</u>
TOTAL BLDG AUTH-MH GRP HOME, HICKORY	<u>1,050</u>	<u>285</u>	<u>765</u>
BLDG AUTH-MH GRP HOME, MCNALLY			

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER SERVICES AND CHARGES	1,050	159	891
TOTAL BLDG AUTH-MH GRP HOME, MCNALLY	1,050	159	891
BLDG AUTH-MH GRP HOME, GROVE			
OTHER SERVICES AND CHARGES	1,050	159	891
TOTAL BLDG AUTH-MH GRP HOME, GROVE	1,050	159	891
BLDG AUTH-MH GRP HOME, ALMONT 1			
OTHER SERVICES AND CHARGES	1,050	586	464
TOTAL BLDG AUTH-MH GRP HOME, ALMONT 1	1,050	586	464
BLDG AUTH-MH GRP HOME, ALMONT 2			
OTHER SERVICES AND CHARGES	1,050	597	453
TOTAL BLDG AUTH-MH GRP HOME, ALMONT 2	1,050	597	453
SOIL CONSERVATION			
SUPPLIES	835	2	833
OTHER SERVICES AND CHARGES	5,900	26	5,874
TOTAL SOIL CONSERVATION	6,735	28	6,707
M.S.U. EXTENSION			
PERSONAL SERVICES	149,782	149,733	49
SUPPLIES	6,376	6,330	46
OTHER SERVICES AND CHARGES	101,675	83,658	18,017
TOTAL M.S.U. EXTENSION	256,833	238,721	18,112
FAMILY NUTRITION PROGRAM			
SUPPLIES	3,700	1,156	2,544
OTHER SERVICES AND CHARGES	900	710	190
TOTAL FAMILY NUTRITION PROGRAM	4,600	1,866	2,734
ENVIRONMENTAL AFFAIRS			
PERSONAL SERVICES	76,456	74,630	1,826
SUPPLIES	2,325	1,096	1,229
OTHER SERVICES AND CHARGES	40,610	4,516	36,094
TOTAL ENVIRONMENTAL AFFAIRS	119,391	80,242	39,149
EUCLID LINEAR PARK			
OTHER SERVICES AND CHARGES	1,500	1,234	266
TOTAL EUCLID LINEAR PARK	1,500	1,234	266
GEOGRAPHIC INFORMATION SYSTEMS			

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	43,900	42,314	1,586
SUPPLIES	1,025	560	465
OTHER SERVICES AND CHARGES	<u>11,380</u>	<u>9,302</u>	<u>2,079</u>
TOTAL GEOGRAPHIC INFORMATION SYSTEMS	<u>56,305</u>	<u>52,175</u>	<u>4,130</u>
RISOGRAH PRINTING/POSTAGE			
PERSONAL SERVICES	19,967	20,421	454-
SUPPLIES	16,350	7,654	8,696
OTHER SERVICES AND CHARGES	4,130	4,015	115
CAPITAL OUTLAY	<u>16,429</u>	<u>14,989</u>	<u>1,440</u>
TOTAL RISOGRAH PRINTING/POSTAGE	<u>56,876</u>	<u>47,079</u>	<u>9,797</u>
TOTAL GENERAL GOVERNMENT	<u>17,080,066</u>	<u>15,298,786</u>	<u>1,781,280</u>
PUBLIC SAFETY			
SHERIFF DEPARTMENT			
PERSONAL SERVICES	3,147,169	3,146,547	622
SUPPLIES	366,745	362,689	4,060
OTHER SERVICES AND CHARGES	954,219	952,558	1,661
CAPITAL OUTLAY	<u>25,925</u>	<u>20,486</u>	<u>5,449</u>
TOTAL SHERIFF DEPARTMENT	<u>4,494,068</u>	<u>4,462,276</u>	<u>11,792</u>
CIRCUIT COURT WARRANT OFFICER			
PERSONAL SERVICES	63,719	66,165	2,446-
SUPPLIES	3,120	2,506	614
OTHER SERVICES AND CHARGES	<u>10,759</u>	<u>7,647</u>	<u>3,113</u>
TOTAL CIRCUIT COURT WARRANT OFFICER	<u>77,608</u>	<u>76,318</u>	<u>1,291</u>
CHILD SUPRT BENCH WARRANT ENFO			
PERSONAL SERVICES	12,106	11,325	781
OTHER SERVICES AND CHARGES	<u>950</u>	<u>251</u>	<u>709</u>
TOTAL CHILD SUPRT BENCH WARRANT ENFO	<u>13,066</u>	<u>11,576</u>	<u>1,490</u>
B.A.Y.A.N.E.T.			
PERSONAL SERVICES	<u>72,916</u>	<u>71,704</u>	<u>1,212</u>
TOTAL B.A.Y.A.N.E.T.	<u>72,916</u>	<u>71,704</u>	<u>1,212</u>
SECONDARY ROAD PATROL			
PERSONAL SERVICES	1,205,456	1,137,618	67,839
SUPPLIES	55,750	50,808	4,942
OTHER SERVICES AND CHARGES	89,056	85,636	3,420
CAPITAL OUTLAY	<u>147,466</u>	<u>132,265</u>	<u>15,201</u>
TOTAL SECONDARY ROAD PATROL	<u>1,497,728</u>	<u>1,406,327</u>	<u>91,401</u>

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
2ND RD PATR-MONITOR COPS FAST			
PERSONAL SERVICES	61,003	62,774	1,771-
SUPPLIES	4,310	3,448	862
OTHER SERVICES AND CHARGES	<u>4,551</u>	<u>2,467</u>	<u>3,084</u>
TOTAL 2ND RD PATR-MONITOR COPS FAST	<u>69,864</u>	<u>67,689</u>	<u>2,175</u>
2ND RD PATROL-BANGOR TWP			
PERSONAL SERVICES	269,698	252,329	17,369
SUPPLIES	13,800	11,514	2,286
OTHER SERVICES AND CHARGES	<u>7,500</u>	<u>4,391</u>	<u>3,109</u>
TOTAL 2ND RD PATROL-BANGOR TWP	<u>290,998</u>	<u>268,234</u>	<u>22,764</u>
2ND RD PATR-PORTSMOUTH			
PERSONAL SERVICES	69,588	69,345	243
SUPPLIES	2,978	1,945	1,033
OTHER SERVICES AND CHARGES	<u>3,700</u>	<u>629</u>	<u>3,071</u>
TOTAL 2ND RD PATR-PORTSMOUTH	<u>76,266</u>	<u>71,919</u>	<u>4,347</u>
2ND RD PTRL-WILLIAMS TWP			
PERSONAL SERVICES	144,466	142,213	2,253
SUPPLIES	7,950	6,704	1,246
OTHER SERVICES AND CHARGES	<u>3,650</u>	<u>233</u>	<u>3,417</u>
TOTAL 2ND RD PTRL-WILLIAMS TWP	<u>156,066</u>	<u>149,050</u>	<u>7,016</u>
2ND RD PATROL-MONITOR TWP			
PERSONAL SERVICES	61,646	63,669	2,023-
SUPPLIES	4,250	3,662	588
OTHER SERVICES AND CHARGES	<u>1,825</u>	<u>309</u>	<u>1,516</u>
TOTAL 2ND RD PATROL-MONITOR TWP	<u>67,721</u>	<u>67,640</u>	<u>81</u>
2ND RD PAT-BAY CITY SCHOOLS			
PERSONAL SERVICES	72,624	72,025	599
SUPPLIES	4,010	2,594	1,416
OTHER SERVICES AND CHARGES	<u>4,530</u>	<u>516</u>	<u>4,014</u>
TOTAL 2ND RD PAT-BAY CITY SCHOOLS	<u>81,164</u>	<u>75,135</u>	<u>6,029</u>
SECONDARY ROAD PATROL GRANT			
PERSONAL SERVICES	209,434	179,608	29,826
SUPPLIES	12,400	11,541	859
OTHER SERVICES AND CHARGES	9,522	6,988	2,534
CAPITAL OUTLAY	<u>37,867</u>	<u>39,116</u>	<u>1,251-</u>
TOTAL SECONDARY ROAD PATROL GRANT	<u>269,223</u>	<u>237,652</u>	<u>31,571</u>
TOWNSHIP ROAD PATROL			

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	33,846	28,485	5,361
TOTAL TOWNSHIP ROAD PATROL	33,846	28,485	5,361
DRIVE MI SAFELY/TASK FORCE			
PERSONAL SERVICES	17,166	18,053	887-
SUPPLIES	240	0	240
OTHER SERVICES AND CHARGES	21,641	16,492	5,149
TOTAL DRIVE MI SAFELY/TASK FORCE	39,047	34,545	4,502
YOUTH ALCOHOL ENFORCEMENT			
PERSONAL SERVICES	1,425	360	1,065
SUPPLIES	845	1,132	287-
OTHER SERVICES AND CHARGES	2,063	1,656	415
TOTAL YOUTH ALCOHOL ENFORCEMENT	4,353	3,160	1,193
MICHIGAN JUSTICE TRAINING PROG			
SUPPLIES	1,609	454	1,146
OTHER SERVICES AND CHARGES	14,383	11,894	2,489
TOTAL MICHIGAN JUSTICE TRAINING PROG	15,983	12,348	3,635
MARINE LAW ENFORCEMENT GRANT			
PERSONAL SERVICES	26,426	25,874	552
SUPPLIES	4,270	4,273	3-
OTHER SERVICES AND CHARGES	7,055	6,571	484
TOTAL MARINE LAW ENFORCEMENT GRANT	37,751	36,718	1,033
MARINE SAFETY			
SUPPLIES	0	583	583-
OTHER SERVICES AND CHARGES	12,500	12,125	375
CAPITAL OUTLAY	1,200	1,200	0
TOTAL MARINE SAFETY	13,700	13,908	208-
SNOWMOBILE LAW ENFORCEMENT			
PERSONAL SERVICES	5,750	1,204	4,546
SUPPLIES	500	326	174
OTHER SERVICES AND CHARGES	510	64	446
TOTAL SNOWMOBILE LAW ENFORCEMENT	6,760	1,594	5,166
D.A.R.E.			
OTHER SERVICES AND CHARGES	441	441	0
TOTAL D.A.R.E.	441	441	0
CORRECTIONS DEPARTMENT / JAIL			

SAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUPPLIES	8,325	7,359	1,266
OTHER SERVICES AND CHARGES	<u>11,000</u>	<u>11,575</u>	<u>575-</u>
TOTAL CORRECTIONS DEPARTMENT / JAIL	<u>19,325</u>	<u>18,634</u>	<u>691</u>
INMATE TETHERING			
OTHER SERVICES AND CHARGES	<u>12,000</u>	<u>2,116</u>	<u>9,884</u>
TOTAL INMATE TETHERING	<u>12,000</u>	<u>2,116</u>	<u>9,884</u>
OFF OF EMERG SERV-CIVIL DEFENS			
PERSONAL SERVICES	60,340	42,571	17,369
SUPPLIES	3,007	2,603	403
OTHER SERVICES AND CHARGES	<u>9,673</u>	<u>9,233</u>	<u>440</u>
TOTAL OFF OF EMERG SERV-CIVIL DEFENS	<u>73,020</u>	<u>54,809</u>	<u>18,211</u>
LOCAL EMERGENCY PLANNING COMM.			
SUPPLIES	275	51	224
OTHER SERVICES AND CHARGES	<u>496</u>	<u>350</u>	<u>146</u>
TOTAL LOCAL EMERGENCY PLANNING COMM.	<u>771</u>	<u>401</u>	<u>370</u>
SHSGP - FIRST RESPONDERS			
PERSONAL SERVICES	5,606	8,801	3,195-
SUPPLIES	60	1,628	1,768-
OTHER SERVICES AND CHARGES	58,994	217,933	158,939-
CAPITAL OUTLAY	<u>85,500</u>	<u>60,500</u>	<u>25,000</u>
TOTAL SHSGP - FIRST RESPONDERS	<u>150,160</u>	<u>289,062</u>	<u>138,902-</u>
LETPP-TERRORISM RESPON & RECOV			
OTHER SERVICES AND CHARGES	63,080	34,296	28,784
CAPITAL OUTLAY	<u>0</u>	<u>15,924</u>	<u>15,924-</u>
TOTAL LETPP-TERRORISM RESPON & RECOV	<u>63,080</u>	<u>50,220</u>	<u>12,660</u>
2006-2008 SHSGP-REGION 3			
PERSONAL SERVICES	52,315	42,230	10,085
SUPPLIES	4,600	5,688	1,088-
OTHER SERVICES AND CHARGES	156,200	164,969	8,769-
CAPITAL OUTLAY	<u>70,000</u>	<u>0</u>	<u>70,000</u>
TOTAL 2006-2008 SHSGP-REGION 3	<u>283,115</u>	<u>212,887</u>	<u>70,228</u>
2006-2008 REGION 3 LETPP			
SUPPLIES	10,000	0	10,000
OTHER SERVICES AND CHARGES	84,200	20,217	63,983
CAPITAL OUTLAY	<u>30,000</u>	<u>5,000</u>	<u>25,000</u>

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL 2006-2008 REGION 3 LETPF	<u>124,200</u>	<u>25,217</u>	<u>98,983</u>
REGION 3 CITIZEN CORP.COUNCIL			
SUPPLIES	3,500	16	3,484
OTHER SERVICES AND CHARGES	<u>21,600</u>	<u>3,053</u>	<u>18,547</u>
TOTAL REGION 3 CITIZEN CORP.COUNCIL	<u>25,100</u>	<u>3,069</u>	<u>22,031</u>
ANIMAL SHELTER/DOG WARDEN			
PERSONAL SERVICES	281,835	304,069	22,234-
SUPPLIES	27,100	25,276	1,824
OTHER SERVICES AND CHARGES	<u>69,610</u>	<u>62,262</u>	<u>7,348</u>
TOTAL ANIMAL SHELTER/DOG WARDEN	<u>378,545</u>	<u>391,607</u>	<u>13,062-</u>
TOTAL PUBLIC SAFETY	<u>8,447,866</u>	<u>8,164,241</u>	<u>283,625</u>
PUBLIC WORKS			
PERE MARQUETTE PARKING			
SUPPLIES	550	529	21
OTHER SERVICES AND CHARGES	<u>5,500</u>	<u>6,274</u>	<u>774-</u>
TOTAL PERE MARQUETTE PARKING	<u>6,050</u>	<u>6,803</u>	<u>753-</u>
TOTAL PUBLIC WORKS	<u>6,050</u>	<u>6,803</u>	<u>753-</u>
HEALTH AND WELFARE			
MSS/ISS 0-3 SECONDARY PREVENT			
PERSONAL SERVICES	91,655	89,068	2,587
SUPPLIES	6,000	4,403	1,592
OTHER SERVICES AND CHARGES	<u>45,567</u>	<u>35,941</u>	<u>9,626</u>
TOTAL MSS/ISS 0-3 SECONDARY PREVENT	<u>143,222</u>	<u>129,417</u>	<u>13,805</u>
MEDICAL EXAMINER			
SUPPLIES	250	175	75
OTHER SERVICES AND CHARGES	<u>101,900</u>	<u>105,987</u>	<u>4,087-</u>
TOTAL MEDICAL EXAMINER	<u>102,150</u>	<u>106,162</u>	<u>4,012-</u>
MENTAL HEALTH			
OTHER SERVICES AND CHARGES	<u>682,242</u>	<u>682,242</u>	<u>0</u>
TOTAL MENTAL HEALTH	<u>682,242</u>	<u>682,242</u>	<u>0</u>
AMBULANCE			
OTHER SERVICES AND CHARGES	<u>5,674</u>	<u>4,174</u>	<u>1,500</u>
TOTAL AMBULANCE	<u>5,674</u>	<u>4,174</u>	<u>1,500</u>
SAG.MID.BAY-JOB TRAIN.CONSORT.			
PERSONAL SERVICES	<u>1,890</u>	<u>1,215</u>	<u>675</u>



BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL SAG.MID.BAY-JOB TRAIN.CONSORT.	<u>1,890</u>	<u>1,215</u>	<u>675</u>
VETERANS' BURIAL			
SUPPLIES	75	33	42
OTHER SERVICES AND CHARGES	<u>93,000</u>	<u>98,251</u>	<u>5,251-</u>
TOTAL VETERANS' BURIAL	<u>93,075</u>	<u>98,284</u>	<u>5,209-</u>
VETERANS CONVENTIONS			
OTHER SERVICES AND CHARGES	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
TOTAL VETERANS CONVENTIONS	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
TOTAL HEALTH AND WELFARE	<u>1,030,253</u>	<u>1,022,494</u>	<u>7,759</u>
COMMUNITY/ECONOMIC DEVELOPMENT			
PLANNING DEPARTMENT			
SUPPLIES	250	41	209
OTHER SERVICES AND CHARGES	<u>13,045</u>	<u>12,761</u>	<u>284</u>
TOTAL PLANNING DEPARTMENT	<u>13,295</u>	<u>12,802</u>	<u>493</u>
TRANSPORTATION PLANNING			
PERSONAL SERVICES	127,177	107,819	19,358
SUPPLIES	1,680	680	1,000
OTHER SERVICES AND CHARGES	<u>20,803</u>	<u>14,074</u>	<u>6,729</u>
TOTAL TRANSPORTATION PLANNING	<u>149,660</u>	<u>122,573</u>	<u>27,087</u>
BOUNDARY COMMISSION			
PERSONAL SERVICES	300	0	300
OTHER SERVICES AND CHARGES	<u>450</u>	<u>0</u>	<u>450</u>
TOTAL BOUNDARY COMMISSION	<u>750</u>	<u>0</u>	<u>750</u>
TOTAL COMMUNITY/ECONOMIC DEVELOPMENT	<u>163,705</u>	<u>135,375</u>	<u>28,330</u>
RECREATION AND CULTURE			
RECREATION/PARKS DEPARTMENT			
PERSONAL SERVICES	25,532	24,422	1,110
SUPPLIES	4,530	3,514	1,016
OTHER SERVICES AND CHARGES	60,936	42,373	18,563
CAPITAL OUTLAY	<u>28,000</u>	<u>28,000</u>	<u>0</u>
TOTAL RECREATION/PARKS DEPARTMENT	<u>118,998</u>	<u>98,309</u>	<u>20,689</u>
VETERANS PARK SOFTBALL			
PERSONAL SERVICES	16,815	8,124	8,691
SUPPLIES	3,000	1,065	1,935
OTHER SERVICES AND CHARGES	<u>7,250</u>	<u>4,387</u>	<u>2,863</u>

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL VETERANS PARK SOFTBALL	<u>27,065</u>	<u>13,576</u>	<u>13,489</u>
PARKS/RECREATION MAINTENANCE			
PERSONAL SERVICES	104,705	107,347	2,642-
SUPPLIES	10,350	3,816	6,534
OTHER SERVICES AND CHARGES	<u>16,700</u>	<u>11,174</u>	<u>5,526</u>
TOTAL PARKS/RECREATION MAINTENANCE	<u>131,755</u>	<u>122,337</u>	<u>9,418</u>
COMMUNITY CENTER			
PERSONAL SERVICES	60,954	58,717	2,247
SUPPLIES	1,550	1,528	22
OTHER SERVICES AND CHARGES	78,906	81,836	2,930-
CAPITAL OUTLAY	<u>5,910</u>	<u>5,634</u>	<u>276</u>
TOTAL COMMUNITY CENTER	<u>147,330</u>	<u>147,715</u>	<u>385-</u>
SWIMMING POOL			
PERSONAL SERVICES	25,657	30,724	4,933
SUPPLIES	8,650	3,496	5,154
OTHER SERVICES AND CHARGES	9,075	7,428	1,647
CAPITAL OUTLAY	<u>200</u>	<u>0</u>	<u>200</u>
TOTAL SWIMMING POOL	<u>53,582</u>	<u>41,648</u>	<u>11,934</u>
COUNTY MARKET			
OTHER SERVICES AND CHARGES	<u>11,000</u>	<u>12,106</u>	<u>1,106-</u>
TOTAL COUNTY MARKET	<u>11,000</u>	<u>12,106</u>	<u>1,106-</u>
FAIRGROUNDS			
PERSONAL SERVICES	9,905	6,086	3,819
SUPPLIES	1,250	178	872
OTHER SERVICES AND CHARGES	<u>34,950</u>	<u>24,888</u>	<u>10,062</u>
TOTAL FAIRGROUNDS	<u>46,105</u>	<u>31,352</u>	<u>14,753</u>
CIVIC/ICE ARENA			
PERSONAL SERVICES	242,254	223,284	18,970
SUPPLIES	11,900	7,991	3,909
OTHER SERVICES AND CHARGES	<u>276,765</u>	<u>279,912</u>	<u>2,147-</u>
TOTAL CIVIC/ICE ARENA	<u>530,919</u>	<u>510,187</u>	<u>20,732</u>
CIVIC/ICE ARENA-ICE/DRY SURFAC			
PERSONAL SERVICES	97,529	65,855	31,674
SUPPLIES	8,300	7,455	845
OTHER SERVICES AND CHARGES	96,350	94,776	1,574
CAPITAL OUTLAY	<u>32,500</u>	<u>15,355</u>	<u>17,145</u>
TOTAL CIVIC/ICE ARENA-ICE/DRY SURFAC	<u>234,679</u>	<u>183,441</u>	<u>51,238</u>

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CIVIC/ICE ARENA-CONCESSION			
PERSONAL SERVICES	28,171	20,275	7,896
SUPPLIES	36,000	31,940	4,060
OTHER SERVICES AND CHARGES	1,250	614	636
TOTAL CIVIC/ICE ARENA-CONCESSION	65,421	52,829	12,592
CIVIC/ICE ARENA-PRO SHOP			
PERSONAL SERVICES	11,981	9,404	2,577
SUPPLIES	51,000	34,175	16,825
OTHER SERVICES AND CHARGES	1,250	253	957
TOTAL CIVIC/ICE ARENA-PRO SHOP	64,231	43,842	20,389
PINCONNING PARK			
PERSONAL SERVICES	67,229	67,232	3-
SUPPLIES	6,875	6,085	790
OTHER SERVICES AND CHARGES	23,742	25,689	1,947-
CAPITAL OUTLAY	30,000	27,358	2,642
TOTAL PINCONNING PARK	127,846	126,364	1,482
WILDLIFE RESTORATION			
OTHER SERVICES AND CHARGES	1,500	0	1,500
TOTAL WILDLIFE RESTORATION	1,500	0	1,500
TOTAL RECREATION AND CULTURE	1,560,431	1,383,706	176,725
OTHER			
RISK MANAGEMENT			
OTHER SERVICES AND CHARGES	723,068	549,458	183,610
TOTAL RISK MANAGEMENT	723,068	549,458	183,610
401(K) SAVINGS PLAN ADMIN COMM			
SUPPLIES	435	100	335
OTHER SERVICES AND CHARGES	1,975	727	1,248
TOTAL 401(K) SAVINGS PLAN ADMIN COMM	2,410	827	1,583
RETIREEES HEALTH/LIFE INSURANCE			
PERSONAL SERVICES	872,123	704,221	167,902
OTHER SERVICES AND CHARGES	15,000	31,779	16,779-
TOTAL RETIREEES HEALTH/LIFE INSURANCE	887,123	736,000	151,123
MIDLAND-BAY-SAGINAW AIRPORT			
PERSONAL SERVICES	2,500	2,870	430

BAY COUNTY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL MIDLAND-BAY-SAGINAW AIRPORT	<u>2,500</u>	<u>2,070</u>	<u>430</u>
FRIEND OF BAY CNTY 150TH BIRTH			
SUPPLIES	3,139	3,139	0
OTHER SERVICES AND CHARGES	<u>6,838</u>	<u>4,532</u>	<u>2,306</u>
TOTAL FRIEND OF BAY CNTY 150TH BIRTH	<u>9,977</u>	<u>7,671</u>	<u>2,306</u>
TOTAL OTHER	<u>1,635,078</u>	<u>1,296,026</u>	<u>339,052</u>
DEBT SERVICE			
PRINCIPAL PAYMENTS	66,312	65,022	1,290
INTEREST PAYMENT	<u>1,727</u>	<u>1,195</u>	<u>532</u>
TOTAL DEBT SERVICE	<u>68,039</u>	<u>66,217</u>	<u>1,822</u>
TOTAL EXPENDITURES	<u>29,991,488</u>	<u>27,373,648</u>	<u>2,617,840</u>
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BAY COUNTY  
GENERAL FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
INSURANCE RECOVERIES/PROCEEDS	10,600	18,255	7,655
TRANSFERS IN FROM OTHER FUNDS	104,473	118,501	14,028
TRANSFERS IN FROM 100% TX COLL	880,783	880,783	0
TRSF IN-OTHER FND-INDIRECT CST	1,276,410	1,276,588	178
TRF IN-REVENUE SHARING RES FND	1,627,958	1,627,956	0
TRF IN-REV SHARE RES FND-SBT	<u>298,046</u>	<u>298,048</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES	<u>4,198,272</u>	<u>4,220,133</u>	<u>21,861</u>
OTHER FINANCING USES			
TRANSFERS OUT TO OTHER FUNDS	3,984,266	3,977,066	7,200
TRF OUT-OTHER FND-CIGARETTE TX	59,919	45,568	10,351
TRF OUT-OTHER FUNDS-LIQUOR TAX	230,151	6,884	223,267
TRF OUT-GENERAL FD-INDIRECT CST	<u>560,516</u>	<u>560,516</u>	<u>0</u>
TOTAL OTHER FINANCING USES	<u>4,834,852</u>	<u>4,594,034</u>	<u>240,818</u>
NET OTHER FINANCING SOURCES (USES)	<u>636,580-</u>	<u>373,901-</u>	<u>262,679</u>
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SAY COUNTY  
MOSQUITO CONTROL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
MOSQUITO CONTROL	0	389	389
TOTAL CHARGES FOR SERVICES	0	389	389
INTERESTS, RENTS AND ROYALTIES			
MOSQUITO CONTROL	7,500	23,251	15,751
TOTAL INTERESTS, RENTS AND ROYALTIES	7,500	23,251	15,751
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
MOSQUITO CONTROL	100	96	4-
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	100	96	4-
PROPERTY AND OTHER TAXES			
MOSQUITO CONTROL	1,320,782	1,273,632	47,150-
TOTAL PROPERTY AND OTHER TAXES	1,320,782	1,273,632	47,150-
TOTAL REVENUES	1,328,382	1,297,368	31,014-
	=====	=====	=====

BAY COUNTY  
MOSQUITO CONTROL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
MOSQUITO CONTROL			
PERSONAL SERVICES	564,286	547,363	16,902
SUPPLIES	402,987	369,599	33,388
OTHER SERVICES AND CHARGES	272,740	212,582	60,158
CAPITAL OUTLAY	18,500	17,802	698
TOTAL MOSQUITO CONTROL	1,258,512	1,147,366	111,146
TOTAL HEALTH AND WELFARE	1,258,512	1,147,366	111,146
 TOTAL EXPENDITURES	 1,258,512	 1,147,366	 111,146
	=====	=====	=====

BAY COUNTY  
MOSQUITO CONTROL FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING USES			
TRF OUT-GENERAL FD-INDIRECT CST	101,692	101,692	0
TOTAL OTHER FINANCING USES	101,692	101,692	0
NET OTHER FINANCING SOURCES (USES)	101,692-	101,692-	0
	=====	=====	=====



BAY COUNTY  
911 SERVICE FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
INTERESTS, RENTS AND ROYALTIES			
911 CENTRAL DISPATCH	<u>105,400</u>	<u>136,868</u>	<u>31,468</u>
TOTAL INTERESTS, RENTS AND ROYALTIES	<u>105,400</u>	<u>136,868</u>	<u>31,468</u>
STATE GRANTS			
911 CENTRAL DISPATCH	<u>202,000</u>	<u>225,252</u>	<u>23,252</u>
TOTAL STATE GRANTS	<u>202,000</u>	<u>225,252</u>	<u>23,252</u>
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
911 CENTRAL DISPATCH	<u>3,300</u>	<u>9,261</u>	<u>5,961</u>
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	<u>3,300</u>	<u>9,261</u>	<u>5,961</u>
PROPERTY AND OTHER TAXES			
911 CENTRAL DISPATCH	<u>1,982,222</u>	<u>1,991,156</u>	<u>8,934</u>
TOTAL PROPERTY AND OTHER TAXES	<u>1,982,222</u>	<u>1,991,156</u>	<u>8,934</u>
TOTAL REVENUES	<u>2,292,922</u>	<u>2,362,537</u>	<u>69,615</u>
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BAY COUNTY  
911 SERVICE FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
PUBLIC SAFETY			
911 CENTRAL DISPATCH			
PERSONAL SERVICES	1,567,541	1,418,529	149,012
SUPPLIES	27,100	20,577	6,523
OTHER SERVICES AND CHARGES	452,044	243,486	208,558
CAPITAL OUTLAY	<u>345,201</u>	<u>123,161</u>	<u>222,020</u>
TOTAL 911 CENTRAL DISPATCH	<u>2,391,886</u>	<u>1,805,773</u>	<u>586,113</u>
TOTAL PUBLIC SAFETY	<u>2,391,886</u>	<u>1,805,773</u>	<u>586,113</u>
DEBT SERVICE			
PRINCIPAL PAYMENTS	9,672	9,372	300
INTEREST PAYMENT	<u>927</u>	<u>1,050</u>	<u>123</u>
TOTAL DEBT SERVICE	<u>10,599</u>	<u>10,422</u>	<u>177</u>
TOTAL EXPENDITURES	<u>2,402,485</u>	<u>1,816,195</u>	<u>586,290</u>
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BAY COUNTY  
911 SERVICE FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING USES			
TRANSFERS OUT TO OTHER FUNDS	12,889	12,889	0
TRF OUT-GENERAL FD-INDIRECT CST	<u>21,021</u>	<u>21,021</u>	<u>0</u>
TOTAL OTHER FINANCING USES	<u>33,910</u>	<u>33,910</u>	<u>0</u>
 NET OTHER FINANCING SOURCES (USES)	 33,910-	 33,910-	 0
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BAY COUNTY  
DIVISION ON AGING FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
ADMINISTRATION - DIV. ON AGING	6,500	6,342	158-
HEALTH PROMOTION	1,900	1,843	57-
FEDERAL C1-CONGREGATE	<u>10,500</u>	<u>16,326</u>	<u>5,726</u>
TOTAL CHARGES FOR SERVICES	<u>19,000</u>	<u>24,511</u>	<u>5,511</u>
FEDERAL GRANTS			
PERSONAL CARE - GRANTS	12,060	10,590	1,410-
ADMINISTRATION - DIV. ON AGING	4,000	9,199	5,199
HOMEMAKING	65,016	59,664	5,352-
HEALTH PROMOTION	7,855	6,206	1,649-
CASE COORDINATION	53,470	54,374	904
CAREGIVING TRAINING	15,932	14,889	1,043-
FEDERAL C1-CONGREGATE	109,381	113,903	4,522
MILLAGE MEAL SITES	1,458	1,532	44
HOME DELIVERED MEALS	<u>337,672</u>	<u>336,080</u>	<u>1,592-</u>
TOTAL FEDERAL GRANTS	<u>606,784</u>	<u>606,407</u>	<u>377-</u>
INTERESTS, RENTS AND ROYALTIES			
ADMINISTRATION - DIV. ON AGING	8,000	43,527	35,527
HOME DELIVERED MEALS	<u>0</u>	<u>1,314</u>	<u>1,314</u>
TOTAL INTERESTS, RENTS AND ROYALTIES	<u>8,000</u>	<u>44,841</u>	<u>36,841</u>
STATE GRANTS			
IN-HOME RESPITE CARE	19,052	17,324	1,758-
HOME DELIVERED MEALS	<u>12,651</u>	<u>0</u>	<u>12,651</u>
TOTAL STATE GRANTS	<u>6,431</u>	<u>17,324</u>	<u>10,893</u>
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
IN-HOME RESPITE CARE	10,484	14,059	3,575
PERSONAL CARE - PRIVATE PAY	27,000	24,880	2,120-
PERSONAL CARE - GRANTS	4,702	5,342	640
ADMINISTRATION - DIV. ON AGING	11,600	17,655	6,055
HOMEMAKING	43,573	37,506	6,067-
HEALTH PROMOTION	0	135-	135-
CAREGIVING TRAINING	0	150	150
FEDERAL C1-CONGREGATE	90,741	83,712	7,029-
MILLAGE MEAL SITES	4,134	3,543	591-
HOME DELIVERED MEALS	<u>256,367</u>	<u>244,637</u>	<u>11,730-</u>
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	<u>448,601</u>	<u>431,349</u>	<u>17,252-</u>
PROPERTY AND OTHER TAXES			
IN-HOME RESPITE CARE	18,360	1,413	16,947-
PERSONAL CARE - PRIVATE PAY	296,073	247,532	49,041-
PERSONAL CARE - GRANTS	6,381	6,231	150-
ADMINISTRATION - DIV. ON AGING	260,844	477,389	216,545

BAY COUNTY  
DIVISION ON AGING FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
HOMEMAKING	141,679	125,126	16,553-
CASE COORDINATION	155,877	173,831	12,046-
CAREGIVING TRAINING	34,565	25,655	8,910-
FEDERAL CI-CONGREGATE	259,094	205,501	53,593-
MILLAGE MEAL SITES	17,946	16,855	1,091-
HOME DELIVERED MEALS	<u>191,125</u>	<u>144,138</u>	<u>46,987-</u>
TOTAL PROPERTY AND OTHER TAXES	<u>1,411,944</u>	<u>1,422,221</u>	<u>10,277</u>
 TOTAL REVENUES	 2,500,760	 2,546,653	 45,893
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BAY COUNTY  
DIVISION ON AGING FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
IN-HOME RESPITE CARE			
PERSONAL SERVICES	39,951	28,875	11,076
SUPPLIES	800	94	706
OTHER SERVICES AND CHARGES	<u>7,175</u>	<u>3,827</u>	<u>3,348</u>
TOTAL IN-HOME RESPITE CARE	<u>47,926</u>	<u>32,796</u>	<u>15,130</u>
PERSONAL CARE - PRIVATE PAY			
PERSONAL SERVICES	301,298	262,572	38,726
SUPPLIES	4,575	3,034	1,541
OTHER SERVICES AND CHARGES	<u>23,400</u>	<u>12,507</u>	<u>10,893</u>
TOTAL PERSONAL CARE - PRIVATE PAY	<u>329,273</u>	<u>278,113</u>	<u>51,160</u>
PERSONAL CARE - GRANTS			
PERSONAL SERVICES	20,261	19,287	1,074
SUPPLIES	100	100	0
OTHER SERVICES AND CHARGES	<u>2,622</u>	<u>2,776</u>	<u>154</u>
TOTAL PERSONAL CARE - GRANTS	<u>23,083</u>	<u>22,163</u>	<u>920</u>
ADMINISTRATION - DIV. ON AGING			
PERSONAL SERVICES	293,024	294,270	1,246
SUPPLIES	55,484	43,484	12,000
OTHER SERVICES AND CHARGES	93,640	59,860	33,780
CAPITAL OUTLAY	<u>23,200</u>	<u>0</u>	<u>23,200</u>
TOTAL ADMINISTRATION - DIV. ON AGING	<u>465,348</u>	<u>397,614</u>	<u>67,734</u>
HOMEMAKING			
PERSONAL SERVICES	231,118	204,789	26,329
SUPPLIES	2,100	1,633	467
OTHER SERVICES AND CHARGES	<u>17,050</u>	<u>15,874</u>	<u>1,176</u>
TOTAL HOMEMAKING	<u>250,268</u>	<u>222,296</u>	<u>27,972</u>
HEALTH PROMOTION			
SUPPLIES	926	206	720
OTHER SERVICES AND CHARGES	<u>8,829</u>	<u>7,708</u>	<u>1,121</u>
TOTAL HEALTH PROMOTION	<u>9,755</u>	<u>7,914</u>	<u>1,841</u>
CASE COORDINATION			
PERSONAL SERVICES	227,947	220,357	7,590
SUPPLIES	2,800	866	1,934
OTHER SERVICES AND CHARGES	<u>8,600</u>	<u>5,983</u>	<u>2,617</u>
TOTAL CASE COORDINATION	<u>239,347</u>	<u>227,206</u>	<u>12,141</u>
CAREGIVING TRAINING			

BAY COUNTY  
DIVISION ON AGING FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	42,492	39,378	4,114
SUPPLIES	1,175	590	585
OTHER SERVICES AND CHARGES	<u>6,461</u>	<u>1,727</u>	<u>4,734</u>
TOTAL CAREGIVING TRAINING	<u>50,128</u>	<u>40,695</u>	<u>9,433</u>
FEDERAL C1-CONGREGATE			
PERSONAL SERVICES	257,791	237,592	20,199
SUPPLIES	132,615	118,405	14,210
OTHER SERVICES AND CHARGES	<u>50,585</u>	<u>63,445</u>	<u>17,140</u>
TOTAL FEDERAL C1-CONGREGATE	<u>440,991</u>	<u>419,442</u>	<u>21,549</u>
MILLAGE MEAL SITES			
PERSONAL SERVICES	11,288	11,213	75
SUPPLIES	8,900	7,923	977
OTHER SERVICES AND CHARGES	<u>3,350</u>	<u>2,764</u>	<u>566</u>
TOTAL MILLAGE MEAL SITES	<u>23,538</u>	<u>21,900</u>	<u>1,638</u>
HOME DELIVERED MEALS			
PERSONAL SERVICES	392,557	374,914	17,643
SUPPLIES	331,865	316,622	15,243
OTHER SERVICES AND CHARGES	33,090	25,709	7,381
CAPITAL OUTLAY	<u>9,000</u>	<u>8,975</u>	<u>25</u>
TOTAL HOME DELIVERED MEALS	<u>766,512</u>	<u>726,220</u>	<u>40,292</u>
TOTAL HEALTH AND WELFARE	<u>2,676,169</u>	<u>2,396,359</u>	<u>279,810</u>
TOTAL EXPENDITURES	<u>2,676,169</u>	<u>2,396,359</u>	<u>279,810</u>
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BAY COUNTY  
DIVISION ON AGING FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	6,200	6,200	0
TOTAL OTHER FINANCING SOURCES	6,200	6,200	0
OTHER FINANCING USES			
TRF OUT-GENERAL FD-INDIRECT CST	342,804	342,804	0
TOTAL OTHER FINANCING USES	342,804	342,804	0
NET OTHER FINANCING SOURCES (USES)	336,604-	336,604-	0
	=====	=====	=====



BAY COUNTY  
REVENUE SHARING RESERVE FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
INTERESTS, RENTS AND ROYALTIES			
TREASURER	<u>330,000</u>	<u>309,703</u>	<u>20,297-</u>
TOTAL INTERESTS, RENTS AND ROYALTIES	<u>330,000</u>	<u>309,703</u>	<u>20,297-</u>
PROPERTY AND OTHER TAXES			
TREASURER	<u>0</u>	<u>99,663-</u>	<u>99,663-</u>
TOTAL PROPERTY AND OTHER TAXES	<u>0</u>	<u>99,663-</u>	<u>99,663-</u>
 TOTAL REVENUES	 330,000	 210,040	 119,960-
	=====	=====	=====

BAY COUNTY  
REVENUE SHARING RESERVE FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING USES			
TRF OUT-REVENUE SHARING RES FD	1,627,958	1,627,958	0
TRF OUT-REV SHARE RES FND-SET	<u>298,048</u>	<u>298,048</u>	<u>0</u>
TOTAL OTHER FINANCING USES	<u>1,926,006</u>	<u>1,926,006</u>	<u>0</u>
NET OTHER FINANCING SOURCES (USES)	1,926,006-	1,926,006-	0
	=====	=====	=====

BAY COUNTY  
FRIEND OF THE COURT FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
FOTC-MEDIATION DUTIES PA294-82	_____38,590	_____38,949	_____359
TOTAL CHARGES FOR SERVICES	_____38,590	_____38,949	_____359
FEDERAL GRANTS			
FOTC-MEDIATION DUTIES PA294-82	_____57,500	_____52,195	_____5,305-
TOTAL FEDERAL GRANTS	_____57,500	_____52,195	_____5,305-
TOTAL REVENUES	96,090	91,144	4,946-
	=====	=====	=====

BAY COUNTY  
FRIEND OF THE COURT FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT			
FOFC-MEDIATION DUTIES PA294-82			
PERSONAL SERVICES	95,691	80,949	14,742
SUPPLIES	100	0	100
OTHER SERVICES AND CHARGES	1,000	237	763
CAPITAL OUTLAY	<u>350</u>	<u>0</u>	<u>350</u>
TOTAL FOFC-MEDIATION DUTIES PA294-82	<u>97,141</u>	<u>81,186</u>	<u>15,955</u>
TOTAL GENERAL GOVERNMENT	<u>97,141</u>	<u>81,186</u>	<u>15,955</u>
 TOTAL EXPENDITURES	 97,141	 81,186	 15,955
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BAY COUNTY  
HEALTH DEPT - DIST HEALTH FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
CONTAGIOUS DISEASE	5,000	1,662	3,338-
MATERNAL/INFANT SUPPORT SERVIC	0	83	83
IMMUNIZATIONS	27,000	25,822	1,178-
HEARING AND VISION SCREENING	5,000	0	5,000-
LABORATORY	43,100	40,747	2,353-
ENVIRONMENTAL HEALTH	2,150	4,090	1,940
FAMILY PLANNING	27,274	24,133	3,141-
<b>TOTAL CHARGES FOR SERVICES</b>	<b>115,524</b>	<b>96,517</b>	<b>19,007-</b>
FEDERAL GRANTS			
IMMUNIZATIONS	400,000	800,519	400,519
MSS/ISS - EARLY ON	61,535	55,462	6,053-
ENVIRONMENTAL HEALTH	0	18,385	18,385
<b>TOTAL FEDERAL GRANTS</b>	<b>461,535</b>	<b>874,386</b>	<b>412,851</b>
INTERESTS, RENTS AND ROYALTIES			
HEALTH DEPART. - ADMINISTRATION	1,100	1,400	300
<b>TOTAL INTERESTS, RENTS AND ROYALTIES</b>	<b>1,100</b>	<b>1,400</b>	<b>300</b>
LICENSES AND PERMITS			
ENVIRONMENTAL HEALTH	193,300	191,554	1,746-
<b>TOTAL LICENSES AND PERMITS</b>	<b>193,300</b>	<b>191,554</b>	<b>1,746-</b>
STATE GRANTS			
HEALTH DEPART. - ADMINISTRATION	129,841	128,221	1,620-
CSHC-CHILD SPECIAL HEALTH CARE	30,141	24,632	5,509-
BIOTERRORISM PREPAREDNESS	163,239	155,352	7,887-
BIOTERRORISM PANDEMIC FLU	66,920	60,970	5,950-
MATERNAL/INFANT SUPPORT SERVIC	65,628	14,925	50,703-
A.I.D.S. COUNSELING & TESTING	0	150-	150-
IMMUNIZATIONS	59,174	54,906	4,268-
HEARING AND VISION SCREENING	0	2,926	2,926
LABORATORY	1,500	1,037	463-
ENVIRONMENTAL HEALTH	203,253	168,481	34,772-
FAMILY PLANNING	73,553	94,217	20,664
WOMEN, INFANTS, & CHILDREN	393,868	329,285	64,583-
D.P.S.D.T.	50,410	40,275	10,135-
MEDICAID OUTREACH/ADVOCACY	0	11,030	11,030
<b>TOTAL STATE GRANTS</b>	<b>1,237,527</b>	<b>1,086,107</b>	<b>151,420-</b>
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
HEALTH DEPART. - ADMINISTRATION	9,100	21,109	12,009
CSHC-CHILD SPECIAL HEALTH CARE	26,250	11,004	15,246-
CONTAGIOUS DISEASE	2,000	4,465	2,465
BIOTERRORISM PREPAREDNESS	0	25	25

BAY COUNTY  
HEALTH DEPT - DIST HEALTH FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MATERNAL/INFANT SUPPORT SERVIC	138,000	259,864	121,864
A.I.D.S. COUNSELING & TESTING	0	150	150
IMMUNIZATIONS	102,000	149,411	47,411
HEARING AND VISION SCREENING	7,500	8,334	834
LABORATORY	3,850	7,705	1,855
ENVIRONMENTAL HEALTH	22,735	23,919	1,184
FAMILY PLANNING	114,430	59,790	54,640-
WOMEN, INFANTS, & CHILDREN	600	13	587-
MEDICAID OUTREACH/ADVOCACY	<u>14,785</u>	<u>8,399</u>	<u>6,385-</u>
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	<u>443,250</u>	<u>554,188</u>	<u>110,938</u>
 TOTAL REVENUES	 2,452,236	 2,804,152	 351,916
	=====	=====	=====

BAY COUNTY  
HEALTH DEPT - DIST HEALTH FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
HEALTH DEPART. - ADMINISTRATION			
PERSONAL SERVICES	306,782	294,962	11,820
SUPPLIES	4,095	3,186	909
OTHER SERVICES AND CHARGES	99,561	81,272	18,289
CAPITAL OUTLAY	37,565	19,877	17,688
TOTAL HEALTH DEPART. - ADMINISTRATION	448,103	399,297	48,806
CSHC-CHILD SPECIAL HEALTH CARE			
PERSONAL SERVICES	29,563	32,932	3,349-
SUPPLIES	1,600	904	696
OTHER SERVICES AND CHARGES	2,600	1,800	800
TOTAL CSHC-CHILD SPECIAL HEALTH CARE	33,763	35,636	1,853-
CONTAGIOUS DISEASE			
PERSONAL SERVICES	114,094	114,046	48
SUPPLIES	4,125	4,133	8-
OTHER SERVICES AND CHARGES	7,889	6,480	1,409
TOTAL CONTAGIOUS DISEASE	126,108	124,659	1,449
BIOTERRORISM PREPAREDNESS			
PERSONAL SERVICES	152,912	146,885	6,027
SUPPLIES	453	894	441-
OTHER SERVICES AND CHARGES	10,444	7,598	2,846
TOTAL BIOTERRORISM PREPAREDNESS	163,809	155,377	8,432
BIOTERRORISM PANDEMIC FLU			
PERSONAL SERVICES	53,807	46,316	7,491
SUPPLIES	4,740	3,060	1,680
OTHER SERVICES AND CHARGES	10,950	11,594	644
TOTAL BIOTERRORISM PANDEMIC FLU	69,497	60,970	8,527
MATERNAL/CHILD SERVICES			
PERSONAL SERVICES	139,051	134,366	4,683
OTHER SERVICES AND CHARGES	3,789	2,147	1,642
TOTAL MATERNAL/CHILD SERVICES	142,840	136,515	6,325
MATERNAL/INFANT SUPPORT SERVICE			
PERSONAL SERVICES	249,133	240,158	8,975
SUPPLIES	2,700	2,339	361
OTHER SERVICES AND CHARGES	33,313	32,374	939
TOTAL MATERNAL/INFANT SUPPORT SERVICE	285,146	274,871	10,275
IMMUNIZATIONS			

BAY COUNTY  
HEALTH DEPT - DIST HEALTH FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	153,863	141,813	12,050
SUPPLIES	446,550	876,922	432,372-
OTHER SERVICES AND CHARGES	<u>11,860</u>	<u>9,923</u>	<u>1,937</u>
TOTAL IMMUNIZATIONS	<u>612,273</u>	<u>1,030,658</u>	<u>418,385-</u>
MSS/ISS - EARLY ON			
PERSONAL SERVICES	56,456	51,974	4,482
SUPPLIES	200	115	85
OTHER SERVICES AND CHARGES	<u>3,810</u>	<u>3,392</u>	<u>418</u>
TOTAL MSS/ISS - EARLY ON	<u>60,456</u>	<u>55,481</u>	<u>4,975</u>
HEARING AND VISION SCREENING			
PERSONAL SERVICES	31,664	31,570	114
SUPPLIES	800	972	172-
OTHER SERVICES AND CHARGES	<u>4,750</u>	<u>3,715</u>	<u>1,035</u>
TOTAL HEARING AND VISION SCREENING	<u>37,234</u>	<u>36,257</u>	<u>977</u>
LABORATORY			
PERSONAL SERVICES	99,913	98,746	1,165
SUPPLIES	21,300	21,383	83-
OTHER SERVICES AND CHARGES	<u>10,104</u>	<u>7,596</u>	<u>2,408</u>
TOTAL LABORATORY	<u>131,317</u>	<u>127,827</u>	<u>3,490</u>
ENVIRONMENTAL HEALTH			
PERSONAL SERVICES	362,851	346,197	16,654
SUPPLIES	13,238	8,756	4,482
OTHER SERVICES AND CHARGES	<u>63,880</u>	<u>51,476</u>	<u>12,404</u>
TOTAL ENVIRONMENTAL HEALTH	<u>439,969</u>	<u>406,429</u>	<u>33,540</u>
FAMILY PLANNING			
PERSONAL SERVICES	119,601	120,865	1,264-
SUPPLIES	44,250	39,133	5,117
OTHER SERVICES AND CHARGES	18,814	12,247	6,567
CAPITAL OUTLAY	<u>5,960</u>	<u>5,876</u>	<u>84</u>
TOTAL FAMILY PLANNING	<u>188,625</u>	<u>178,121</u>	<u>10,504</u>
WOMEN, INFANTS, & CHILDREN			
PERSONAL SERVICES	322,473	297,505	24,968
SUPPLIES	8,150	7,712	438
OTHER SERVICES AND CHARGES	29,794	14,779	15,015
CAPITAL OUTLAY	<u>16,914</u>	<u>9,302</u>	<u>7,612</u>
TOTAL WOMEN, INFANTS, & CHILDREN	<u>377,331</u>	<u>329,298</u>	<u>48,033</u>

E.P.S.D.T.



BAY COUNTY  
HEALTH DEPT - DIST HEALTH FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PERSONAL SERVICES	48,651	31,376	17,275
SUPPLIES	3,594	3,324	270
OTHER SERVICES AND CHARGES	<u>6,450</u>	<u>5,675</u>	<u>875</u>
TOTAL E.P.S.D.T.	<u>58,695</u>	<u>40,275</u>	<u>18,420</u>
MEDICAID OUTREACH/ADVOCACY			
PERSONAL SERVICES	27,195	16,624	10,571
SUPPLIES	550	355	195
OTHER SERVICES AND CHARGES	<u>2,200</u>	<u>2,220</u>	<u>20</u>
TOTAL MEDICAID OUTREACH/ADVOCACY	<u>29,945</u>	<u>19,429</u>	<u>10,516</u>
SUBSTANCE ABUSE			
OTHER SERVICES AND CHARGES	<u>230,151</u>	<u>6,884</u>	<u>223,267</u>
TOTAL SUBSTANCE ABUSE	<u>230,151</u>	<u>6,884</u>	<u>223,267</u>
TOTAL HEALTH AND WELFARE	<u>3,435,292</u>	<u>3,417,984</u>	<u>17,308</u>
TOTAL EXPENDITURES	<u>3,435,292</u>	<u>3,417,984</u>	<u>17,308</u>
	=====	=====	=====

BAY COUNTY  
 HEALTH DEPT - DIST HEALTH FUND  
 SCHEDULE OF OTHER FINANCING SOURCES AND USES  
 YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	749,422	749,422	0
TRSF IN-GEN FUND-CIGARETTE TAX	42,296	34,989	7,307-
TRSF IN-GEN'L FUND-LIQUOR TAX	<u>230,151</u>	<u>6,804</u>	<u>223,267-</u>
TOTAL OTHER FINANCING SOURCES	<u>1,021,869</u>	<u>791,295</u>	<u>230,574-</u>
OTHER FINANCING USES			
TRANSFERS OUT TO OTHER FUNDS	0	14,029	14,029-
TRF OUT-GENERL FD-INDIRECT CST	<u>61,847</u>	<u>61,847</u>	<u>0</u>
TOTAL OTHER FINANCING USES	<u>61,847</u>	<u>75,876</u>	<u>14,029-</u>
NET OTHER FINANCING SOURCES (USES)	<u>960,022</u>	<u>715,419</u>	<u>244,603-</u>
	=====	=====	=====

SAY COUNTY  
GYPSY MOTH CONTROL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
INTERESTS, RENTS AND ROYALTIES			
GYPSY MOTH SUPPRESSION	<u>18,000</u>	<u>14,521</u>	<u>3,479-</u>
TOTAL INTERESTS, RENTS AND ROYALTIES	<u>18,000</u>	<u>14,521</u>	<u>3,479-</u>
PROPERTY AND OTHER TAXES			
GYPSY MOTH SUPPRESSION	<u>0</u>	<u>104-</u>	<u>104-</u>
TOTAL PROPERTY AND OTHER TAXES	<u>0</u>	<u>104-</u>	<u>104-</u>
 TOTAL REVENUES	 <u>18,000</u>	 <u>14,417</u>	 <u>3,583-</u>
	=====	=====	=====

SAY COUNTY  
GYPSY MOTH CONTROL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
GYPSY MOTH SUPPRESSION			
PERSONAL SERVICES	59,747	61,234	1,487-
SUPPLIES	5,700	2,000	3,700
OTHER SERVICES AND CHARGES	<u>66,440</u>	<u>22,417</u>	<u>44,023</u>
TOTAL GYPSY MOTH SUPPRESSION	<u>131,887</u>	<u>85,651</u>	<u>46,236</u>
TOTAL GENERAL GOVERNMENT	<u>131,887</u>	<u>85,651</u>	<u>46,236</u>
 TOTAL EXPENDITURES	 131,887	 85,651	 46,236
	=====	=====	=====

BAY COUNTY  
GYPSY MOTH CONTROL FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING USES			
TRF OUT-GENERAL FD-INDIRECT CST	14,529	14,529	0
TOTAL OTHER FINANCING USES	14,529	14,529	0
NET OTHER FINANCING SOURCES (USES)	14,529-	14,529-	0
	=====	=====	=====

BAY COUNTY  
PUBLIC IMPROVEMENT FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
INTERESTS, RENTS AND ROYALTIES			
MAINT KAWKAWLIN RIVER DREDGING	700	967	267
TOTAL INTERESTS, RENTS AND ROYALTIES	<u>700</u>	<u>967</u>	<u>267</u>
 TOTAL REVENUES	 700	 967	 267
	=====	=====	=====

BAY COUNTY  
 REGIST.OF DEEDS AUTOMATION FND  
 SCHEDULES OF REVENUES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
INTERESTS, RENTS AND ROYALTIES			
REGISTER OF DEEDS	0	13,181	13,181
TOTAL INTERESTS, RENTS AND ROYALTIES	0	13,181	13,181
TOTAL REVENUES	0	13,181	13,181
	=====	=====	=====

BAY COUNTY  
 REGIST. OF DEEDS AUTOMATION FND  
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT			
REGISTER OF DEEDS			
SUPPLIES	10,650	9,003	1,647
OTHER SERVICES AND CHARGES	38,200	31,975	6,225
CAPITAL OUTLAY	<u>20,000</u>	<u>0</u>	<u>20,000</u>
TOTAL REGISTER OF DEEDS	<u>68,850</u>	<u>40,978</u>	<u>27,872</u>
TOTAL GENERAL GOVERNMENT	<u>68,850</u>	<u>40,978</u>	<u>27,872</u>
 TOTAL EXPENDITURES	 68,850	 40,978	 27,872
	=====	=====	=====



BAY COUNTY  
 REGIST. OF DEEDS AUTOMATION FND  
 SCHEDULE OF OTHER FINANCING SOURCES AND USES  
 YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	<u>105,000</u>	<u>97,800</u>	<u>7,200-</u>
TOTAL OTHER FINANCING SOURCES	<u>105,000</u>	<u>97,800</u>	<u>7,200-</u>
OTHER FINANCING USES			
TRF OUT-GENERAL FD-INDIRECT CST	<u>32,509</u>	<u>32,509</u>	<u>0</u>
TOTAL OTHER FINANCING USES	<u>32,509</u>	<u>32,509</u>	<u>0</u>
NET OTHER FINANCING SOURCES (USES)	<u>72,491</u>	<u>65,291</u>	<u>7,200-</u>
	=====	=====	=====

BAY COUNTY  
LOCAL C.F.C. TRAINING FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
LOCAL C.F.C. TRAINING	<u>25,000</u>	<u>22,737</u>	<u>2,263-</u>
TOTAL CHARGES FOR SERVICES	<u>25,000</u>	<u>22,737</u>	<u>2,263-</u>
 TOTAL REVENUES	 25,000	 22,737	 2,263-
	=====	=====	=====

BAY COUNTY  
LOCAL C.F.O. TRAINING FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PUBLIC SAFETY			
LOCAL C.F.O. TRAINING			
PERSONAL SERVICES	10,350	9,461	889
SUPPLIES	5,000	4,467	533
OTHER SERVICES AND CHARGES	<u>14,000</u>	<u>5,513</u>	<u>8,487</u>
TOTAL LOCAL C.F.O. TRAINING	<u>29,350</u>	<u>19,447</u>	<u>9,903</u>
TOTAL PUBLIC SAFETY	<u>29,350</u>	<u>19,447</u>	<u>9,903</u>
 TOTAL EXPENDITURES	 29,350	 19,447	 9,903
	=====	=====	=====

BAY COUNTY  
 DRUG LAW ENFORCEMENT FUND  
 SCHEDULE OF REVENUES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FINES AND FORFEITS			
PROSECUTING ATTORNEY	0	4,624	4,624
SHERIFF DEPARTMENT	1,500	1,447	53-
TOTAL FINES AND FORFEITS	1,500	6,071	4,571
 TOTAL REVENUES	 1,500	 6,071	 4,571
	=====	=====	=====

BAY COUNTY  
 DRUG LAW ENFORCEMENT FUND  
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
PUBLIC SAFETY			
SHERIFF DEPARTMENT			
OTHER SERVICES AND CHARGES	558	0	558
CAPITAL OUTLAY	<u>8,957</u>	<u>7,969</u>	<u>988</u>
TOTAL SHERIFF DEPARTMENT	<u>9,515</u>	<u>7,969</u>	<u>1,546</u>
TOTAL PUBLIC SAFETY	<u>9,515</u>	<u>7,969</u>	<u>1,546</u>
 TOTAL EXPENDITURES	 9,515	 7,969	 1,546
	=====	=====	=====

BAY COUNTY  
LAW LIBRARY FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
FINES AND FORFEITS			
LAW LIBRARY	9,750	9,750	0
TOTAL FINES AND FORFEITS	9,750	9,750	0
 TOTAL REVENUES	 9,750	 9,750	 0
	=====	=====	=====

BAY COUNTY  
LAW LIBRARY FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
LAW LIBRARY			
SUPPLIES	300	962	562-
OTHER SERVICES AND CHARGES	<u>21,550</u>	<u>19,451</u>	<u>2,099</u>
TOTAL LAW LIBRARY	<u>21,850</u>	<u>20,413</u>	<u>1,437</u>
TOTAL GENERAL GOVERNMENT	<u>21,850</u>	<u>20,413</u>	<u>1,437</u>
 TOTAL EXPENDITURES	 21,850	 20,413	 1,437
	=====	=====	=====

BAY COUNTY  
LAW LIBRARY FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	13,350	15,350	0
TOTAL OTHER FINANCING SOURCES	15,350	15,350	0
NET OTHER FINANCING SOURCES (USES)	15,350	15,350	0
	=====	=====	=====



BAY COUNTY  
COMMUNITY CORRECTIONS FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
COMMUNITY SERVICE WORK	13,500	12,195	1,305-
TOTAL CHARGES FOR SERVICES	13,500	12,195	1,305-
STATE GRANTS			
DRUG LAW ENFORCEMENT	240,298	145,540	94,758-
DRUG LAW ENFORCE.-OCT/DEC	60,374-	0	60,074
COMMUNITY CORRECTIONS PLAN	155,860	135,402	20,458-
TOTAL STATE GRANTS	336,084	280,942	55,142-
TOTAL REVENUES	349,584	293,137	56,447-
	=====	=====	=====

BAY COUNTY  
COMMUNITY CORRECTIONS FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
PUBLIC SAFETY			
DRUG LAW ENFORCEMENT			
OTHER SERVICES AND CHARGES	240,298	145,540	94,758
TOTAL DRUG LAW ENFORCEMENT	240,298	145,540	94,758
DRUG LAW ENFORCE.-OCT/DEC			
OTHER SERVICES AND CHARGES	60,074-	0	60,074-
TOTAL DRUG LAW ENFORCE.-OCT/DEC	60,074-	0	60,074-
COMMUNITY SERVICE WORK			
OTHER SERVICES AND CHARGES	18,139	8,785	9,354
TOTAL COMMUNITY SERVICE WORK	18,139	8,785	9,354
COMMUNITY CORRECTIONS PLAN			
PERSONAL SERVICES	57,950	42,431	15,519
SUPPLIES	920	417	503
OTHER SERVICES AND CHARGES	117,100	94,832	22,268
TOTAL COMMUNITY CORRECTIONS PLAN	175,970	137,680	38,290
TOTAL PUBLIC SAFETY	374,333	292,005	82,328
 TOTAL EXPENDITURES	 374,333	 292,005	 82,328
	=====	=====	=====

BAY COUNTY  
 COMMUNITY CORRECTIONS FUND  
 SCHEDULE OF OTHER FINANCING SOURCES AND USES  
 YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	15,542	15,542	0
TOTAL OTHER FINANCING SOURCES	15,542	15,542	0
 NET OTHER FINANCING SOURCES (USES)	 15,542	 15,542	 0
	=====	=====	=====

BAY COUNTY  
HOME REHABILITATION FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
CHARGES FOR SERVICES			
REDEVELOPMENT AND HOUSING	_____315	_____240	_____75-
TOTAL CHARGES FOR SERVICES	_____315	_____240	_____75-
FEDERAL GRANTS			
REDEVELOPMENT AND HOUSING	_____232,445	_____228,859	_____3,586-
TOTAL FEDERAL GRANTS	_____232,445	_____228,859	_____3,586-
INTERESTS, RENTS AND ROYALTIES			
REDEVELOPMENT AND HOUSING	_____1,700	_____4,901	_____3,201
TOTAL INTERESTS, RENTS AND ROYALTIES	_____1,700	_____4,901	_____3,201
TOTAL REVENUES	234,460	234,000	460-
	=====	=====	=====

BAY COUNTY  
HOME REHABILITATION FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT			
GEOGRAPHIC INFORMATION SYSTEMS			
SUPPLIES	0	10	10-
TOTAL GEOGRAPHIC INFORMATION SYSTEMS	0	10	10-
TOTAL GENERAL GOVERNMENT	0	10	10-
COMMUNITY/ECONOMIC DEVELOPMENT			
REDEVELOPMENT AND HOUSING			
PERSONAL SERVICES	7,288	7,126	162
SUPPLIES	549	223	326
OTHER SERVICES AND CHARGES	229,415	51,244	178,271
TOTAL REDEVELOPMENT AND HOUSING	237,252	58,493	178,759
REDEVELOP/HOUSING RECAPTURED			
SUPPLIES	50	0	50
OTHER SERVICES AND CHARGES	94,950	1,085	93,865
TOTAL REDEVELOP/HOUSING RECAPTURED	95,000	1,085	93,915
TOTAL COMMUNITY/ECONOMIC DEVELOPMENT	332,252	59,578	272,674
TOTAL EXPENDITURES	332,252	59,588	272,664
	=====	=====	=====

BAY COUNTY  
SOCIAL WELFARE FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
MI DEPT HUMAN SERV-BAY COUNTY	494,000	200,402	293,598-
MI DEPT HUMAN SERV BRD-BAY CTY	0	100-	100-
MI DEPT HUMAN SERV-ARENAC CTY	131,000	72,546	58,454-
MI DEPT HUMAN SRV BD-ARENAC CT	<u>9,353</u>	<u>4,608</u>	<u>4,745-</u>
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	<u>634,353</u>	<u>277,456</u>	<u>356,897-</u>
 TOTAL REVENUES	 634,353	 277,456	 356,897-
	=====	=====	=====

BAY COUNTY  
SOCIAL WELFARE FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
MI DEPT HUMAN SERV-BAY COUNTY			
OTHER SERVICES AND CHARGES	524,000	204,481	319,519
TOTAL MI DEPT HUMAN SERV-BAY COUNTY	524,000	204,481	319,519
MI DEPT HUMAN SERV BRD-BAY CTY			
PERSONAL SERVICES	2,025	1,575	450
OTHER SERVICES AND CHARGES	5,375	3,704	1,671
TOTAL MI DEPT HUMAN SERV BRD-BAY CTY	7,400	5,279	2,121
MI DEPT HUMAN SERV-ARENAC CTY			
OTHER SERVICES AND CHARGES	131,000	72,602	58,398
TOTAL MI DEPT HUMAN SERV-ARENAC CTY	131,000	72,602	58,398
MI DEPT HUMAN SERV BD-ARENAC CT			
PERSONAL SERVICES	2,700	2,301	399
OTHER SERVICES AND CHARGES	6,653	2,306	4,347
TOTAL MI DEPT HUMAN SERV BD-ARENAC CT	9,353	4,607	4,746
TOTAL HEALTH AND WELFARE	671,753	286,969	384,784
 TOTAL EXPENDITURES	 671,753	 286,969	 384,784
	=====	=====	=====

BAY COUNTY  
SOCIAL WELFARE FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	____ 37,400	____ 37,400	____ 0
TOTAL OTHER FINANCING SOURCES	____ 37,400	____ 37,400	____ 0
NET OTHER FINANCING SOURCES (USES)	37,400	37,400	0
	=====	=====	=====



BAY COUNTY  
SOC. WELF.-PROTECTIVE SERVICES  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE/ <u>(UNFAVORABLE)</u>
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
MY DEPT HUMAN SERV-BAY COUNTY	500	0	500-
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	<u>500</u>	<u>0</u>	<u>500-</u>
 TOTAL REVENUES	 500	 0	 500-
	=====	=====	=====

BAY COUNTY  
SOC. WELF.-PROTECTIVE SERVICES  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
MI DEPT HUMAN SERV-BAY COUNTY			
OTHER SERVICES AND CHARGES	500	0	500
 TOTAL MI DEPT HUMAN SERV-BAY COUNTY	 500	 0	 500
 TOTAL HEALTH AND WELFARE	 500	 0	 500
 TOTAL EXPENDITURES	 500	 0	 500
	=====	=====	=====

BAY COUNTY  
CHILD CARE FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FEDERAL GRANTS			
INSTIT.CARE-DET.FAC(JUV.HOME)	17,000	22,021	5,021
TOTAL FEDERAL GRANTS	17,000	22,021	5,021
INTERESTS, RENTS AND ROYALTIES			
INSTIT.CARE-DET.FAC(JUV.HOME)	3,000	300	2,700-
TOTAL INTERESTS, RENTS AND ROYALTIES	3,000	300	2,700-
STATE GRANTS			
JUV.COMMUNITY BASED TREATMENT	19,500	6,967	12,533-
JUV.GENDER SPECIFIC SERVICES	19,500	9,064	10,436-
TOTAL STATE GRANTS	39,000	16,031	22,969-
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
CHILD CARE-PROBATE (CHILD IN C	270,300	179,396	90,904-
INSTIT.CARE-DET.FAC(JUV.HOME)	744,994	733,304	11,690-
JUVENILE HOME SUBSTANCE ABUSE	0	1,536	1,536
IN-HOME CARE-INTENSIVE PROBAT.	108,685	99,289	9,396-
JUV.COMMUNITY BASED TREATMENT	79,150	80,263	1,113
JUV.GENDER SPECIFIC SERVICES	52,495	49,098	3,397-
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	1,255,624	1,142,886	112,738-
TOTAL REVENUES	1,314,624	1,181,238	133,386-
	=====	=====	=====

BAY COUNTY  
CHILD CARE FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
CHILD CARE-PROBATE (CHILD IN C OTHER SERVICES AND CHARGES	521,100	327,422	193,678
TOTAL CHILD CARE-PROBATE (CHILD IN C	521,100	327,422	193,678
INSTIT.CARE-DET.FAC(JUV.HOME)			
PERSONAL SERVICES	1,015,620	986,140	33,480
SUPPLIES	42,300	38,236	4,064
OTHER SERVICES AND CHARGES	168,205	160,151	8,054
CAPITAL OUTLAY	16,281	16,281	0
TOTAL INSTIT.CARE-DET.FAC(JUV.HOME)	1,246,406	1,200,808	45,598
JUVENILE HOME SUBSTANCE ABUSE			
PERSONAL SERVICES	0	115-	115
TOTAL JUVENILE HOME SUBSTANCE ABUSE	0	115-	115
CHILD CARE-D.S.S. (STATE WARDS OTHER SERVICES AND CHARGES	287,000	130,980	156,020
TOTAL CHILD CARE-D.S.S. (STATE WARDS	287,000	130,980	156,020
IN-HOME CARE-INTENSIVE PROBAT.			
PERSONAL SERVICES	190,630	179,528	11,152
SUPPLIES	150	73	77
OTHER SERVICES AND CHARGES	6,295	5,263	22
TOTAL IN-HOME CARE-INTENSIVE PROBAT.	197,115	185,864	11,251
TOTAL HEALTH AND WELFARE	2,251,621	1,844,959	406,662
RECREATION AND CULTURE			
JUV.COMMUNITY BASED TREATMENT			
PERSONAL SERVICES	142,081	137,303	4,778
SUPPLIES	705	562	143
OTHER SERVICES AND CHARGES	13,100	18,256	844
TOTAL JUV.COMMUNITY BASED TREATMENT	161,886	156,121	5,765
JUV.GENDER SPECIFIC SERVICES			
PERSONAL SERVICES	99,936	84,384	15,554
SUPPLIES	1,975	2,435	460-
OTHER SERVICES AND CHARGES	9,790	9,937	147-
TOTAL JUV.GENDER SPECIFIC SERVICES	111,701	96,756	24,947
TOTAL RECREATION AND CULTURE	273,589	252,877	20,712
DEBT SERVICE			
PRINCIPAL PAYMENTS	25,660	22,337	3,263
INTEREST PAYMENT	543	375	167

BAY COUNTY  
CHILD CARE FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL DEBT SERVICE	<u>26,203</u>	<u>22,773</u>	<u>3,430</u>
TOTAL EXPENDITURES	<u>2,551,413</u>	<u>2,120,609</u>	<u>430,804</u>

SAY COUNTY  
CHILD CARE FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	1,332,898	1,332,898	0
TRSP IN-GEN FUND-CIGARETTE TAX	<u>17,623</u>	<u>14,576</u>	<u>3,045-</u>
TOTAL OTHER FINANCING SOURCES	<u>1,350,521</u>	<u>1,347,476</u>	<u>3,045-</u>
OTHER FINANCING USES			
TRF OUT-GENERAL FD-INDIRECT CST	<u>131,492</u>	<u>131,492</u>	<u>0</u>
TOTAL OTHER FINANCING USES	<u>131,492</u>	<u>131,492</u>	<u>0</u>
NET OTHER FINANCING SOURCES (USES)	<u>1,219,029</u>	<u>1,215,984</u>	<u>3,045-</u>
	=====	=====	=====

BAY COUNTY  
CHILD CARE/SOCIAL SERVICES  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
MI DEPT HUMAN SERV-BAY COUNTY	_____ 3,750	_____ 1,740	_____ 2,010-
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	_____ 3,750	_____ 1,740	_____ 2,010-
 TOTAL REVENUES	 3,750	 1,740	 2,010-
	=====	=====	=====

BAY COUNTY  
CHILD CARE/SOCIAL SERVICES  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
MI DEPT HUMAN SERV-BAY COUNTY			
OTHER SERVICES AND CHARGES	_____ 7,500	_____ 3,480	_____ 4,020
TOTAL MI DEPT HUMAN SERV-BAY COUNTY	_____ 7,500	_____ 3,480	_____ 4,020
TOTAL HEALTH AND WELFARE	_____ 7,500	_____ 3,480	_____ 4,020
 TOTAL EXPENDITURES	 7,500	 3,480	 4,020
	=====	=====	=====



BAY COUNTY  
 SOLDIERS' RELIEF FUND  
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
 YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
SOLDIERS AND SAILORS RELIEF			
PERSONAL SERVICES	1,100	1,100	0
SUPPLIES	75	28	47
OTHER SERVICES AND CHARGES	<u>31,485</u>	<u>33,738</u>	<u>2,253-</u>
TOTAL SOLDIERS AND SAILORS RELIEF	<u>32,660</u>	<u>34,866</u>	<u>2,206-</u>
TOTAL HEALTH AND WELFARE	<u>32,660</u>	<u>34,866</u>	<u>2,206-</u>
 TOTAL EXPENDITURES	 32,660	 34,866	 2,206-
	=====	=====	=====

SAY COUNTY  
SOLDIERS' RELIEF FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	32,660	32,660	0
TOTAL, OTHER FINANCING SOURCES	32,660	32,660	0
NET OTHER FINANCING SOURCES (USES)	32,660	32,660	0
	=====	=====	=====

SAY COUNTY  
VETERANS' TRUST FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
VETERANS' TRUST BOARD	40,000	52,913	12,913
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	40,000	52,913	12,913
 TOTAL REVENUES	 40,000	 52,913	 12,913
	=====	=====	=====

BAY COUNTY  
VETERANS' TRUST FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
HEALTH AND WELFARE			
VETERANS' TRUST BOARD			
PERSONAL SERVICES	14,544	13,836	708
SUPPLIES	5,790	7,683	1,893-
OTHER SERVICES AND CHARGES	15,666	29,575	9,909-
TOTAL VETERANS' TRUST BOARD	40,000	51,094	11,094-
TOTAL HEALTH AND WELFARE	40,000	51,094	11,094-
 TOTAL EXPENDITURES	 40,000	 51,094	 11,094-
	=====	=====	=====

BAY COUNTY  
WILDLIFE RESTORATION FUND  
SCHEDULE OF OTHER FINANCING SOURCES AND USES  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>
OTHER FINANCING USES			
TRANSFERS OUT TO OTHER FUNDS	509	508	1
TOTAL OTHER FINANCING USES	509	508	1
NET OTHER FINANCING SOURCES (USES)	509-	508-	1
	=====	=====	=====

BAY COUNTY  
HISTORICAL PRESERVATION FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
INTERESTS, RENTS AND ROYALTIES			
HISTORICAL PRESERVATION	_____25	_____121	_____96
TOTAL INTERESTS, RENTS AND ROYALTIES	_____25	_____121	_____96
PROPERTY AND OTHER TAXES			
HISTORICAL PRESERVATION	_____269,907	_____271,819	_____1,912
TOTAL PROPERTY AND OTHER TAXES	_____269,907	_____271,819	_____1,912
 TOTAL REVENUES	 269,932	 271,940	 2,008
	=====	=====	=====

BAY COUNTY  
HISTORICAL PRESERVATION FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
RECREATION AND CULTURE			
HISTORICAL PRESERVATION			
OTHER SERVICES AND CHARGES	____ 269,932	____ 271,940	____ 2,008 -
TOTAL HISTORICAL PRESERVATION	____ 269,932	____ 271,940	____ 2,008 -
TOTAL RECREATION AND CULTURE	____ 269,932	____ 271,940	____ 2,008 -
 TOTAL EXPENDITURES	 269,932	 271,940	 2,008 -
	=====	=====	=====

BAY COUNTY  
BLDG AUTHORITY DEBT FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
INTERESTS, RENTS AND ROYALTIES			
BLDG AUTH-L.E.C. RENOVATION	230	376	146
BLDG AUTH-COURT FACILITIES	0	2	2
BLDG AUTH-LIBRARY PROJECT	15,000	26,033	11,033
BLDG AUTH-DEBT SRV,MH GRF HOME	<u>288,800</u>	<u>305,144</u>	<u>16,344</u>
TOTAL INTERESTS, RENTS AND ROYALTIES	<u>304,030</u>	<u>331,555</u>	<u>27,525</u>
REIMBURSEMENTS, REFUNDS AND OTHER REVENUES			
BLDG AUTH-LIBRARY PROJECT	<u>1,328,471</u>	<u>1,328,470</u>	<u>1-</u>
TOTAL REIMBURSEMENTS, REFUNDS AND OTHER REVENUES	<u>1,328,471</u>	<u>1,328,470</u>	<u>1-</u>
TOTAL REVENUES	1,632,501 =====	1,660,025 =====	27,524 =====



BAY COUNTY  
BLDG AUTHORITY DEBT FUND  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2007

	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
DEBT SERVICE			
BLDG AUTH-L.E.C. RENOVATION			
OTHER SERVICES AND CHARGES	_____ 0	_____ 0	_____ 0
TOTAL BLDG AUTH-L.E.C. RENOVATION	_____ 0	_____ 0	_____ 0
TOTAL DEBT SERVICE	_____ 0	_____ 0	_____ 0
DEBT SERVICE			
PRINCIPAL PAYMENTS	2,120,000	2,120,000	0
INTEREST PAYMENT	1,151,975	1,151,672	303
PAYING AGENT & CREMATION FEES	_____ 300	_____ 300	_____ 0
TOTAL DEBT SERVICE	<u>3,272,275</u>	<u>3,271,972</u>	<u>303</u>
TOTAL EXPENDITURES	<u>3,272,275</u>	<u>3,271,972</u>	<u>303</u>
	=====	=====	=====

BAY COUNTY  
 BLDG AUTHORITY DEBT FUND  
 SCHEDULE OF OTHER FINANCING SOURCES AND USES  
 YEAR ENDED DECEMBER 31, 2007

	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES			
TRANSFERS IN FROM GENERAL FUND	1,689,794	1,689,794	0
TOTAL OTHER FINANCING SOURCES	1,689,794	1,689,794	0
NET OTHER FINANCING SOURCES (USES)	1,689,794	1,689,794	0
	=====	=====	=====



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
UNDER SAS NO. 114**

June 25, 2008

To the Board of Commissioners  
Bay County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bay County (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated December 28, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the *County*. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of *County's* compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the

appropriateness of accounting policies and their application. The significant accounting policies used by the *County* are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 25, 2008.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of Bay County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is written below the text "Very truly yours,".

# **BAY COUNTY**

## **Comments and Recommendations**

**For the Year Ended December 31, 2007**

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In planning and performing our audit of the financial statements of Bay County (the "County") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

### **Other Matters**

#### **1) Sheriff's Daily Housing Receivable Balances**

The daily housing receivable balances in the Swanson system at the Sheriff's Department/Jail are not typically reviewed. A strong system of internal controls requires segregation of duties, in which work done by one individual would at a minimum be reviewed by another individual. However, in the current system no one reviews the balances or procedures prior to checks or credits being issued.

#### **Recommendation:**

The County should review these procedures and implement whatever procedures deemed necessary to ensure that proper segregation of duties, including reviews, exist in this system.

# **BAY COUNTY**

## **Comments and Recommendations**

**For the Year Ended December 31, 2007**

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### **Management's Response:**

The County will establish and implement the necessary internal controls to ensure that proper segregation of duties and/or reviews exist within this system.

\* \* \* \* \*